

MINUTES OF THE MEETING OF THE BOARD OF DIRECTORS
OF SOUTHWESTERN AT MEMPHIS
HELD IN THE DIRECTORS ROOM
PALMER HALL
MARCH 17, 1960

The Board of Directors of Southwestern at Memphis held its regular stated meeting in the Directors Room, Palmer Hall, on Thursday, March 17, 1960, at 9:00 A.M.

The meeting was called to order by the Chairman, Sidney W. Farnsworth, and was opened with prayer by Dr. Ramage.

Miss Erma Reese, Assistant Secretary, was invited to sit in the meeting.

The roll call showed the following members present:

ALABAMA:	LOUISIANA:	MISSISSIPPI:	TENNESSEE:
James A. Minter, Jr.	Carlos G. Spaht	Robert G. Gillespie	Van Pritchardt
Edward V. Ramage	Alden T. Shotwell	Orrick Metcalfe	Morton B. Howell, Jr.
John M. McMillan	Mrs. Morgan L. Shaw	Murphey C. Wilds	Mrs. John T. McCall
	Walker L. Wellford, Jr.	W. J. Millard	Sidney W. Farnsworth
		Mrs. W. Everarde Jones	

Peyton N. Rhodes, ex officio

The Secretary presented excuses for the absence of Messrs. A.K. Burrow, Wm. A. Benfield, Jr., W.S. Beasley, and Mrs. Kenneth Harper.

The Chairman stated that Mr. Burrow was unable to attend the meeting of the Board because of illness, and the Secretary was requested to write him a letter expressing the Board's hope that he will soon be restored to health and that he would be able to attend the next meeting of the Board in October.

The Chairman extended a warm welcome to Mr. Carlos G. Spaht, who attended the first meeting since his election to membership on the Board of Directors by the Synod of Louisiana at its 1959 meeting.

Reading for information of the minutes of the meeting of the Board of Directors held on October 15, 1959 was dispensed with since copies of these minutes had been received by the members of the Board.

Upon motion, duly seconded, the minutes of the Executive Committee meetings held November 13 and December 9, 1959, January 20 and February 19, 1960, copies of which had been received by the Board members, were approved.

The Chairman announced for information the personnel of the following Committees:

HOUSE - Mrs. John T. McCall, Chairman; Mrs. Kenneth Harper, Robert G. Gillespie, John M. McMillan, E.V. Ramage.

FINANCE - Morton B. Howell, Jr., Chairman; A.K. Burrow, W.S. Beasley, Alden T. Shotwell, Murphey C. Wilds, Mrs. W. Everarde Jones, Carlos G. Spaht.

DEVELOPMENT - W.J. Millard, Chairman; James A. Minter, Jr., Orrick Metcalfe, Van Pritchardt, W.A. Benfield, Jr., Walker L. Wellford, Jr., Mrs. Morgan L. Shaw, Robert P. Richardson, Vice President for Development.

HONORARY DEGREES - W.J. Millard, Chairman; Van Pritchardt, Peyton N. Rhodes
Faculty members - A.T. Johnson, M.L. MacQueen

Sidney W. Farnsworth, ex officio member of each committee.

The members of the Board were invited to have lunch in the Brooks Room of Catherine Burrow Hall at 12:30 P.M. The Chairman stated that Dr. Charles E. Diehl; Professor D.M. Amacker (Political Science), Professor M.F. Moose (Chemistry); Professor A.I. Smith (Biology), Professor J.H. Taylor (Physics), Dr. R.P. Richardson (Vice President for Development), and Mr. C.L. Springfield (Comptroller) would also be at the luncheon.

President Rhodes reported orally on the work of the college for the 1959-60 academic session to date. He stated that the enrollment for the session is 688 full-time, regular students, which includes 17 Junior Year Abroad students, plus 36 specials, and 30 high school teachers of mathematics in the National Science Foundation In-Service Institute. He also stated that the housing situation, especially for young women students, remains critical, making it necessary to turn down a large number of well qualified students, and that this condition will not be improved until the completion of the two new residence halls on the campus, for the construction of which the college has been approved for a HHFA loan in the amount of \$600,000. He expressed the hope that the women's residence hall will be ready for occupancy by the beginning of the second semester of the 1960-61 session, and that the men's residence hall will be completed by the beginning of the 1961-62 session.

President Rhodes reemphasized the difficulty of securing competent faculty members because Southwestern's salary scale is lower than that of comparable institutions in this region, as well as the difficulty of retaining some very able younger members of the faculty for the same reason.

It was reported by President Rhodes that Southwestern has a Department of Defense contract which requires that certain officers of the college be cleared for security purposes. Upon motion by Mr. Howell, seconded by Mr. Spaht, the following resolution was unanimously adopted:

BE IT RESOLVED by the Board of Directors of Southwestern at Memphis that Peyton Nalle Rhodes, President, and C. Lomax Springfield, Comptroller, and their successors who shall have met whatever security requirements that may be established by the Department of Defense, are hereby designated as the managerial group having the authority and responsibility for the negotiation, execution, and administration of all Department of Defense contracts.

IT IS FURTHER RESOLVED that such resolutions as may be prescribed and/or required by the Department of Defense in order to accomplish the foregoing purposes shall be executed by the officers of the Board of Directors, and by the said President and Comptroller, and their successors, or either of them.

IT IS FURTHER RESOLVED that all present or future members of the Board of Directors and members of the Executive and Investment Committees shall not have access to, and are hereby denied the right to examine or inspect, classified information in the possession of the institution.

IT IS FURTHER RESOLVED that this resolution may not be rescinded by the Board of Directors without first having given the Department of Defense ten (10) days written notice of the intention of the Board to rescind such resolution.

President Rhodes also reported on a recent conference which he, Dr. Granville D. Davis, Executive Director of the Memphis Adult Education Center, and Dr. L.F. Kinney, Director of Academic Relations of the Center, had with certain officials of The Fund for Adult Education in New York City. In light of President Rhodes' report, upon motion by Mr. Howell, seconded by the Secretary, the following resolution was unanimously adopted:

WHEREAS Southwestern at Memphis since the year 1945 has been engaged in a program of continuing liberal education for adults, exhibiting many facets and involving at the present time some 2,000 persons of post-college age in study and discussion groups; and

WHEREAS the City of Memphis and many areas of the Mid-South have come to look upon the Adult Education Center, housed on the Southwestern campus, as a source of leadership and study materials involving the Great Books, the Ways of Mankind, and other programs involving current affairs; and

WHEREAS there has been developed the Institute for Executive Leadership and the first American Alumni Seminar for Public Responsibility; and

WHEREAS the operations of Southwestern at Memphis in the field of continuing education are nationally recognized and frequently copied by other institutions and have merited the substantial support of The Fund for Adult Education over the years,

BE IT RESOLVED by the Board of Directors of Southwestern at Memphis this seventeenth day of March, 1960

(1) That the Board recognizes the significance and appropriateness of the work of the Adult Education Center as an extension of the liberal arts influence of the college into the community and the Mid-South; and

(2) Commends the members of the staff of the Center for their zeal in establishing Southwestern in a place of leadership in this field; and

(3) In order to give future stability to the program of continuing education, agrees to earmark or set aside the income from an amount not to exceed \$300,000 (market value) in securities of the invested income of the college to be applied to salaries

of persons primarily engaged in adult education operations, provided that The Fund for Adult Education adds to the invested endowment fund of the college a similar or greater amount, the income from which would also apply to the salaries of the Adult Education Center personnel. It is understood that the college's participation in this earmarking of endowment funds for the purpose stated would be in effect for no less than twelve (12) years, at the expiration of which time the income from its portion of endowment funds would no longer be restricted as stated.

Mr. Howell, Chairman, presented the following report of the Finance Committee:

The Finance Committee of the Board of Directors of Southwestern at Memphis met on Wednesday evening, March 16, 1960, in the Directors Room in Palmer Hall. In addition to the Chairman, Morton B. Howell, Jr., who presided, the following members were present: Mrs. W. Everarde Jones, Sidney W. Farnsworth, Alden T. Shotwell, Carlos G. Spaht, Murphey C. Wilds, President Rhodes, and C.L. Springfield, Comptroller, who acted as secretary, were also present.

The meeting was opened with prayer by Mr. Wilds.

Minutes of the meeting of October 14, 1959 were read by the Chairman and approved.

The members of the Committee expressed regret that Mr. A.K. Burrow and Mr. W.S. Beasley, other members of the Finance Committee, could not be present.

Mr. Farnsworth reported at length on the work of the Investment Committee and the Investment Counselor, and presented several copies of the appraisal of the portfolio of securities as of February 29, 1960 for inspection by the Committee. After a discussion, the Committee expressed its satisfaction with the manner in which the endowment securities are being handled and, on motion by Mr. Wilds, seconded by Mr. Shotwell, recommended that the Board extend official thanks to the Investment Committee and Counselor.

The Comptroller reported on the Bellingrath-Morse Foundation Fund and informed the Committee that no part of the Fund was being used for operating purposes but that accumulations in the Fund would be used to apply on the cost of construction of the two new residence halls.

The matter of the \$600,000 loan from the Housing and Home Finance Agency to help defray the cost of the above mentioned residence halls was discussed and the Trust Indenture was inspected. It was the sense of the Committee that the college attorney, Mr. Jesse E. Johnson, Jr., should appear before the Board to answer any questions that might arise. Mr. Johnson was contacted and agreed to appear before the Board on Thursday, March 17, 1960, at about 11:30 A.M. It was then moved by Mr. Wilds, seconded by Mrs. Jones, that the Committee recommend to the Board that the Indenture be approved and appropriate resolutions be adopted subject to the approval of the college attorney. The motion carried.

The Committee again recommended that all members of the Board continue to present Southwestern to their respective Synods and Presbyteries, and to keep before them the recommendations of the Development Committee for the SECOND CENTURY PLANNING. (See minutes of the Board of Directors' meeting held March 24, 1959, pages 12-17).

The Committee again commended the work of President Rhodes and his staff.

Mr. Farnsworth spoke about the fine work and the outstanding job being done by President Rhodes and recommended that the president's salary be increased \$3,000 per year beginning July 1, 1960, to express its appreciation for the splendid way in which the president is conducting the affairs of Southwestern at Memphis, and to make his compensation more nearly adequate and comparable to that being received by presidents of similar institutions. On motion by Mr. Farnsworth, seconded by Mrs. Jones, the Committee unanimously recommended that the increase be made.

Upon motion by Mr. Shotwell, seconded by Mrs. Jones, the Finance Committee's report was adopted, with the exception of the last paragraph, which concerns the salary of President Rhodes. At this juncture, the Chairman requested President Rhodes to leave the room, and the members of the Board discussed at some length the matter of the \$3,000 salary increase, pointing out the fact that this might not be to his advantage at this time from the point of view of the tax angle. The Chairman appointed Mr. Pritchardt to serve as chairman of a small committee of his own choice to discuss this matter with President Rhodes in order to determine the best way to increase his salary within the limitations of the Finance Committee's report, bearing in mind the most advantageous features related to taxes and also retirement provisions. Upon motion, duly seconded, the Executive Committee was empowered to act upon the recommendation which would be made by Mr. Pritchardt and his committee.

Dr. Millard, Chairman, made the following report of the Committee on Honorary Degrees, which was unanimously adopted:

The Board's Committee on Honorary Degrees met on February 11, 1960, and March 9, 1960. Dr. R.P. Richardson, Vice President for Development, and Dr. A.O. Canon, Dean of Alumni, met with the Committee on February 11.

A number of recommendations were considered, and the Committee nominates the following persons for honorary degrees to be conferred at the commencement exercises on Tuesday, June 7, 1960:

DOCTOR OF DIVINITY

Robert S. Hough, Pastor, First Presbyterian Church, Memphis, Tennessee
J. Moody McDill, Pastor, Fondren Presbyterian Church, Jackson, Mississippi

DOCTOR OF CIVIL LAW

Frank R. Ahlgren, Editor, The Commercial Appeal, Memphis, Tennessee
Edward J. Meeman, Editor, The Memphis Press-Scimitar, Memphis, Tennessee

DOCTOR OF LETTERS

Peter Hillsman Taylor, Author and Professor, Ohio State University,
Columbus, Ohio

DOCTOR OF LAWS

Edgar Finley Shannon, Jr., President, University of Virginia,
Charlottesville, Virginia

Dr. R.P. Richardson, Vice President for Development, was invited into the meeting to present the report of the Development Committee, which is as follows:

Alumni Office

1959 Loyalty Fund

Approximately \$22,500.00

Percentage of participation - 18.9

A new high in both categories

Since January, 1960 the official time for the 1960 Loyalty Fund to begin, a number of contributions have been received although no direct appeal has been made as yet. Last year Class Agents were used. This year it is hoped to have chairmen in cities where ten or more Southwestern alumni live, in addition to Class Agents. Already a number of alumni have agreed to serve in the capacity of a chairman.

Class reunions on Alumni Day are increasing in attendance and interest. The policy of the class celebrating its 25th reunion on Alumni Day to present the college with a gift has become well established. The Class of 1935 is at work now raising a substantial sum of money to be given to the college on Alumni Day, June 4, 1960.

News Service

Since January 1, 1960, a major part of the Director of News Service's time has been devoted to supportive material for the Southwestern Annual Support Program.

William H. Bryce, Jr., '47, has set the theme for this Program - Southwestern as an economic force as well as a cultural asset to Memphis. This theme is being developed daily now in quotes from Memphis businessmen in The Memphis Press-Scimitar and will be the keynote of all program publicity, as it already has been in several stories.

Student Recruitment

It was feared that inability to accept all qualified applicants over a period of time, the past several years, might eventually bring about a decrease in the number of students seeking admission to Southwestern. Such, however, has not been the case.

The number of inquiries has increased approximately thirty percent; the total number of "live" applications, those who have not been refused and those who have not cancelled, but are still to be considered by the Committee, is ten percent ahead of the same date last year.

Since January 1 applicants have been discouraged because there are many times as many applicants as can be accommodated with present housing facilities. Since February 1 the Registrar has declined to accept further applications for the women's residence halls and has returned the application fee.

The terrific job of selecting from 250 qualified young women only fifty for the anticipated spaces in the women's residence halls is causing the Admission Committee sleepless nights and days of anguish in answering long distance calls from worried parents and well-meaning friends. The college is desperately in need of the new women's residence hall now under construction.

Fund Raising

1. Sponsors of Southwestern gave the college \$1951.00 in 1959 to install fluorescent lights in the classrooms of Palmer Hall. The W.O.C. of Louisiana selected the 1960 S.O.S. project. To date \$328.00 has been received for that one; namely, to install modern electrically operated cold water drinking fountains for Palmer Hall on the first, second, and third floors. If there are surplus funds for the year they will be used to complete the installation of fluorescent lights in the laboratories and classrooms of the Science Hall.
2. A Faculty Committee on Development and Planning was initiated this Spring. Dean Alfred O. Canon is the Chairman. The Committee has already met twice and promises to be helpful in the future development of the college by involving faculty members in this important work.
3. A file of brochures, plans, and correspondence has been assembled to produce for Southwestern a new booklet on "Deferred Giving." This will include material on wills, bequests, life-income contracts, insurance, etc. This booklet should be ready by October, 1960.
4. The 1960 Southwestern Support Program - exhibits of materials were presented to the members of the Board.

RECOMMENDATIONS:

1. People of means should be discovered, cultivated, and urged to give generously to the college through bequests, wills, life-income contracts, life insurance, and other means. Elderly people without many heirs should be good prospects for a file of such persons. To this end each Board member is requested to make a list of such people in his or her community, local church, and synod and forward such lists with full confidential information to the Development Office of Southwestern.
2. Alumni contributions to the Loyalty Fund can be increased with an imaginative, aggressive and well organized program. A substantial gift from an alumnus to build a Student Center will challenge alumni, students, parents, and friends to give so that this greatly needed building may be erected in the near future. Additional personnel, one secretary and one young alumnus of the college, will be needed for this effort.
3. We would fail in our hospitality if we did not invite each one of the Board members to join with us in making a personal contribution to the college during the 1960 Annual Support Program.

Upon motion by Dr. Millard, the report of the Development Committee was received.

Mr. Jesse E. Johnson, Jr., attorney, arrived at 11:30 A.M. to discuss the loan of \$600,000 from the Housing and Home Finance Agency. Mr. Howell outlined the principal part of the Trust Indenture, which had been prepared by Mr. William Waller, Jr., of Nashville, Bond Counsel. After a discussion of this whole matter, Mrs. McCall moved the adoption of the following resolutions, which was seconded by Mr. Spaht, and the resolutions were unanimously adopted:

WHEREAS, Pursuant to authorization by the Board of Directors at its meeting held on March 17, 1960, Southwestern at Memphis (herein called "Southwestern") made application to the Housing and Home Finance Administrator of the United States of America (herein called the "Government") for a loan in the principal amount of \$600,000 for the purpose of constructing a dormitory to house approximately sixty-six (66) women students and a dormitory, with a prayer room, to house approximately one hundred five (105) men students, each with appurtenant facilities, and with a passage connecting it with an existing building (herein collectively called the "Project"), and

WHEREAS, a Loan Agreement dated as of March 1, 1960, between Southwestern and the Government, referring to Project No. CH-Tenn-40(D), (herein called the "Loan Agreement") providing for such loan to be represented by \$600,000 in aggregate principal amount of Southwestern's Dormitory Bonds of 1960, (herein called the "Bonds") bearing interest at the rate of three and one-eighth (3-1/8%) per cent per annum and maturing serially or in installments over a forty (40) year period in such manner that annual debt service requirements are approximately equal, has been presented to this meeting, and

WHEREAS, a form of Trust Indenture dated as of March 1, 1960, from Southwestern to The First National Bank of Memphis as Trustee (herein called the "Indenture"), providing for the issuance of \$600,000 in aggregate principal amount of the Bonds and providing that the Bonds will be a general obligation of Southwestern and, in addition, will be secured by (a) a first mortgage on the Project and the sites thereof, (b) a first lien on and pledge of the net revenues to be derived from the operation of the Project, and (c) a covenant by Southwestern, in addition to all other covenants and pledges, to allocate, set aside and deposit into the Revenue Fund Account provided for therein, the sum of \$25,000 annually, beginning March 1, 1962, from any funds which may be received thereafter by Southwestern pursuant to a certain trust indenture dated February 1, 1950, between Walter D. Bellingrath, Donor, to The First National Bank of Mobile and the other trustees named therein, creating the Bellingrath-Morse Foundation, has been prepared and presented to this meeting, and

WHEREAS, Section 6.10 of Part Two of the Indenture provides that Southwestern shall establish and maintain, so long as any of the bonds are outstanding, such parietal rules, rental rates and charges for the use of the Project facilities as may be

necessary to assure maximum occupancy and use of said facilities and provide, together with any other funds therein pledged, the operating and maintenance expenses of said facilities, the debt service on the Bonds and the required reserves therefor,

NOW, THEREFORE, BE IT

RESOLVED, That the President of Southwestern, the Treasurer of the Board of Directors and the Secretary of the Board of Directors, be and they are hereby authorized and directed to execute and deliver the Loan Agreement in the form presented to this meeting to the Government, and the Secretary is directed to file a copy thereof with the minutes of this meeting.

RESOLVED, That the appointment of Waller, Davis & Lansden, American Trust Building, Nashville, Tennessee, as Bond Counsel in connection with the preparation of the Indenture and the issuance and sale of the Bonds, be and the same is hereby ratified and approved.

RESOLVED, That The First National Bank of Memphis, a national banking association having its principal office in Memphis, Tennessee, be and it is hereby designated as Trustee under the Indenture.

RESOLVED, That Chase Manhattan Bank, New York, New York, be and it is hereby designated as Alternate Paying Agent for Southwestern's Dormitory Bonds of 1960 and that the principal of and interest on said Bonds shall be payable, at the option of the holders thereof, either at the office of the Trustee or at the office of said Alternate Paying Agent.

RESOLVED, That the Secretary is hereby directed to mark for identification the form of Indenture presented to this meeting and file the same with the minutes, and the President of Southwestern and the Treasurer of the Board of Directors be and they are hereby authorized and directed to execute the Indenture in this form in the name of Southwestern and the Secretary of the Board of Directors be and he is hereby authorized to affix and attest the seal of Southwestern to such Indenture when executed by the President and the Treasurer of the Board of Directors and deliver the same to the Trustee.

RESOLVED, That the President of Southwestern be and he is hereby authorized to insert in The Bond Buyer a notice of sale of \$600,000 in aggregate principal amount of the Bonds, such advertisement to be in a form approved by Waller, Davis & Lansden, to receive bids for said Bonds and to accept the highest and best bid, to be determined as set forth in said notice of sale.

RESOLVED, That the President of Southwestern, the Treasurer of the Board of Directors and the Secretary of the Board of Directors be and they are hereby authorized to execute a Bond or Bonds in the aggregate principal amount of \$600,000, any interest coupons attached thereto to bear the signature of the

Treasurer of the Board of Directors, all in the form authorized by the Indenture, the same to be executed either manually or by facsimile, to affix the seal of Southwestern thereto or cause a facsimile of the seal to be affixed or imprinted thereon and to deliver such Bond or Bonds to the Trustee for authentication.

RESOLVED, That upon notice of acceptance of a bid by Southwestern, the Trustee be, and it is hereby, directed at any time and from time to time, upon written instructions of the President of Southwestern, to authenticate the Bond or all or any part of the Bonds executed and delivered to it for authentication and to deliver the same to the purchaser or purchasers thereof, upon receipt of payment therefor at not less than par and accrued interest, or to deliver such Bond or Bonds to the President for delivery to such purchaser or purchasers.

RESOLVED, That the officers of Southwestern, in arranging housing facilities for students, shall assign students to the Project dormitories on a priority basis over the assignment of students to other housing facilities and shall take all other steps necessary or advisable in order to insure that the Project dormitories shall remain fully occupied and, in fixing rentals for such dormitories, shall charge such rents as may be necessary to provide, with other available funds, sums sufficient to pay the interest and principal of the Bonds in accordance with their terms and to maintain the required balances in the Bond and Interest Sinking Fund Account and the Building Maintenance and Equipment Reserve Account provided for in the Indenture.

RESOLVED, That for the present and until otherwise ordered, the rentals charged for the rooms and facilities of the women's dormitory shall be not less than \$250 per student for the regular academic year of approximately nine months, or not less than \$125 per student for each regular school semester.

RESOLVED, That for the present and until otherwise ordered, the rentals charged for the rooms and facilities of the men's dormitory shall be not less than \$200 per student for the regular academic year of approximately nine months, or not less than \$100 per student for each regular school semester.

RESOLVED, That the proper officers of Southwestern be and they are hereby authorized to make all deposits and take any other action necessary or advisable in order to comply with the terms of the Loan Agreement, the Indenture and the Bonds.

Mrs. McCall, Chairman, presented the following report of the House Committee, which was received with interest:

The House Committee met on Wednesday evening, March 16, 1960.

Present: Mrs. John T. McCall, Chairman; John M. McMillan, E.V. Ramage, Dr. Peyton N. Rhodes, J.A. Rollow, College Engineer; Ed Albright, member of Student Center Committee, and Allen Reynolds, President of the Student Council.

The meeting was opened with prayer by Mr. McMillan.

The minutes of the meeting held on October 14, 1959 were read for information.

Mr. Albright reported on the Student Center. The Committee expressed appreciation for the interest of the students in a Student Center and especially the new effort in contacting alumni, with the help of Dean Alfred O. Canon, in strategic centers in the cooperating Synods.

Report on residence halls by Dr. Rhodes. He was heard with interest and satisfaction as to the progress of the residence halls.

Mr. Rollow reported on a new road to be developed from North Parkway toward the women's residence halls.

The Committee commended President Rhodes and Mr. Rollow for their constant work in developing the physical plant and in keeping it in fine condition.

The meeting recessed for lunch and reconvened at 1:45 P.M.

The Chairman expressed regret that Mr. James A. Minter, Jr., of Tyler, Alabama, will have completed two full terms as a Director from the Synod of Alabama and, because of that Synod's rule, must be replaced at the 1960 meeting of Synod.

The Chairman stated that the annual meeting of the Board of Directors will be held on Thursday, October 20, 1960, with meetings of the Committees the previous evening.

President Rhodes announced that Dr. Daniel D. Rhodes, Professor of Bible and Philosophy, who has been a member of Southwestern's faculty since 1953, will be leaving at the end of the 1959-60 academic session to accept a similar position at Davidson College. The Board accepted Dr. Rhodes' resignation with regret.

The minutes of the meeting were read and approved, after which the meeting adjourned at 2:00 P.M. with prayer by Dr. Millard.


Secretary

THIS LOAN AGREEMENT IS MADE A PART OF
THE MINUTES OF THE BOARD OF DIRECTORS
MEETING HELD MARCH 17, 1960.

Project No. CH-Tenn-40 (D)
Southwestern at Memphis
Memphis, Tennessee
Contract No. H-302-428

LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of March 1, 1960, by and between Southwestern at Memphis, a private, non-profit educational institution of higher learning, located in Memphis, Tennessee (herein called the "Borrower") and the United States of America (herein called the "Government"), WITNESSETH:

Section 1. Amount, Purchase Price, and Purpose. Subject to the Terms and Conditions (dated 6-59), attached hereto and made a part hereof, and the provisions of this Agreement, the Borrower will sell and the Government, acting by and through the Housing and Home Finance Administrator (herein called the "Administrator"), will purchase \$600,000 aggregate principal amount of the obligations of the Borrower described below (herein called the "Bonds"), or such lesser amount thereof as the Administrator estimates will be required, together with the Borrower's funds provided from other sources, to pay the development cost of the Project (estimated to be \$1,049,750) hereinafter described, at a price equal to the principal amount thereof plus accrued interest, the proceeds of the sale of such Bonds to be used solely for the development of the said Project.

Section 2. Description of Bonds. The Bonds which the Borrower agrees to sell and the Government agrees to purchase are described as follows:

- (a) Designation: Dormitory Bonds of 1960.
- (b) Date: March 1, 1960.
- (c) Principal Amount: \$600,000, being all of an authorized issue of such Bonds.

- (d) Denomination: \$1,000; however, until such time as the purchaser or purchasers of the Bonds request(s) the preparation of the definitive Bonds, a single Bond or Bonds shall be issued in an amount equal to the Bonds contracted for by said purchaser or purchasers.
- (e) Type: Negotiable, serial, coupon Bonds, payable to bearer.
- (f) Interest: 3-1/8 percent per annum, payable semi-annually on March 1 and September 1 in each year, first interest payable September 1, 1960.
- (g) Maturities: March 1, in years and amounts as follow:

<u>Year(s)</u>	<u>Principal Amount</u>	<u>Year(s)</u>	<u>Principal Amount</u>
1963-66	\$ 9,000	1989-90	\$19,000
1967-70	10,000	1991-92	20,000
1971-73	11,000	1993	21,000
1974-76	12,000	1994	22,000
1977-78	13,000	1995-96	23,000
1979-80	14,000	1997	24,000
1981-82	15,000	1998	25,000
1983-84	16,000	1999	26,000
1985-86	17,000	2000	27,000
1987-88	18,000		

- (h) Numbers: 1 to 600 inclusive, in order of maturity.
- (i) Security: General obligation of the Borrower, additionally secured by:
- (1) A first mortgage on the Project and the site or sites thereof;
 - (2) A first pledge of the net revenues to be derived from the operation of the Project;
 - (3) A covenant by the Borrower, in addition to all other covenants and pledges, to allocate, set aside, and deposit into the Revenue Fund the sum of \$25,000 annually, beginning March 1, 1962, from any funds which may be received thereafter by the Borrower pursuant to that certain Trust Indenture of February 1, 1950, executed by Walter D. Bellingrath to the First National Bank of Mobile and known as the Bellingrath-Morse Foundation.
- (j) Place and Medium of Payment: Payable as to both principal and interest at the principal office of the Trustee to be designated in the Indenture, or, at the option of the holder, at a bank or trust company in the Borough of Manhattan, City and State of New York, in any coin or currency which, on the

respective dates of payment of such principal and interest, is legal tender for the payment of debts due the United States of America.

(k) Registrability: Registrable, at the option of the holder, as to principal only.

(l) Redemption Provisions: Bonds numbered 1 through 76 inclusive, maturing March 1, 1963 through March 1, 1970 inclusive, to be non-callable. Bonds numbered 77 through 475 inclusive, maturing March 1, 1971 through March 1, 1995 inclusive, to be callable at the option of the Borrower prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after March 1, 1970 upon at least thirty (30) days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond as follows:

3%	if redeemed	September 1, 1970	through	March 1, 1975	incl.				
2½%	"	"	"	1975	"	"	"	1980	"
2%	"	"	"	1980	"	"	"	1985	"
1½%	"	"	"	1985	"	"	"	1990	"
1%	"	"	after March 1, 1990						

Bonds 476 through 600 inclusive, maturing March 1, 1996 through March 1, 2000 inclusive, to be callable at the option of the Borrower in whole or in part and in inverse numerical order on any interest payment date during the entire life of the loan, upon at least thirty (30) days' prior notice, at par plus accrued interest to the date of redemption.

Priority as to call shall extend to Bonds numbered 476 through 600 inclusive over Bonds numbered 77 through 475 inclusive.

Section 3. Sale of Bonds. The Bonds will be sold by the Borrower at public sale, the call for bids specifying that bids will be received and considered on the following basis:

- For (1) all maturities in the years 1963 through 1970,
- (2) all maturities in the years 1971 through 1980,
- (3) all maturities in the years 1981 through 1990,
- (4) all maturities in the years 1991 through 2000, and
- (5) the entire issue.

In the event any of the Bonds are awarded to the Government, the Borrower shall, when they are ready, deliver all such Bonds to the Government at such time as the Government shall designate.

The Government will submit its bid for the Bonds and such bid will be for all of the Bonds at their par value, plus accrued interest at the rate of three and one-eighth per centum ($3-1/8\%$) per annum on all or any one or more of the above Blocks of Bonds. In the event any other bidder or bidders offer to purchase all the Bonds, or any portion of the Bonds in Blocks as specified at an interest cost of not more than three and one-eighth per centum ($3-1/8\%$) per annum, the Bonds or any such portion thereof shall be sold to such bidder or bidders. In the event of a sale of all the Bonds to a purchaser or purchasers other than the Government, this Agreement shall terminate except with respect to obligations hereunder between the Borrower and the Government as of the date of such sale of the Bonds. In the event any of the Bonds are awarded to the Government, it is agreed that the obligations hereunder shall continue in the same manner as if all the Bonds were sold to the Government. In the event no bid is received from a bidder or bidders other than the Government within the terms herein specified, all the Bonds shall be sold to the Government. It is agreed and understood that so long as the Government owns any of such Bonds it will waive (1) the non-callable provisions; (2) the specified premiums for redemption; and (3) the publication of call applicable thereto.

In the event the Government is awarded all or part of the Bonds, the Borrower, at the option of the purchaser(s), shall issue single Bonds with face values in the amount of the respective purchases in lieu of individual denominations Bonds. Such single Bonds shall be registered as to principal and interest and payable as directed by the purchasers, but otherwise complying with the description set forth in Section 2 hereof. The Borrower covenants that if such a single Bond is issued, it shall, upon request of the

holder of a single Bond, issue at its own expense and within 90 days from the date of such request, negotiable bearer coupon Bonds in denominations of \$1,000, as described in Section 2 hereof, in aggregate amount equal to the amount of the single Bond still outstanding. The printing of text of single Bonds shall be of type composition on paper of sufficient weight and strength to prevent deterioration throughout the life of the loan. The Bonds shall conform in size to standard practice and contain the approved maturity schedule for payment of principal.

Section 4. Description of Project. The Project shall consist of a dormitory, with enclosed connecting passage, to house approximately 66 women; a dormitory, with enclosed connecting passage and prayer room, to house approximately 105 men students; each to include appurtenant facilities (herein collectively called the "Project").

Section 5. Audit and Inspection Expenses. The amount of the fixed fee for the audit and inspection expenses referred to in Section 30 of the attached Terms and Conditions shall be \$4,883.

Section 6. Special Conditions. The Government's obligation to purchase the Bonds of the Borrower is subject to the following special conditions; numbered (a) through (g):

Project No. CH-Tenn-40 (D)(Rev.)

Applicant: Southwestern at Memphis

SPECIAL CONDITIONS

- (a) The Borrower covenants and agrees that, as soon as any portion of the Project becomes revenue producing, all rentals, charges, income and revenues arising from the operation and ownership of the Project, and beginning March 1, 1962, the sum of \$25,000 in each year from any funds which may be received thereafter by the Borrower from the Bellingrath-Morse Foundation under the trust indenture of February 1, 1950 to the First National Bank of Mobile as Trustee, shall be deposited to the credit of a special account, to be known as the Dormitory Revenue Fund Account of 1960 and held in the custody of the Treasurer of the Borrower, separate and apart from all other funds. Such Dormitory Revenue Fund Account of 1960 shall be maintained so long as any of the Bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation, and the funds therein shall be used by the Treasurer of the Borrower only in the manner and order specified in sections (b), (c), (d), and (e), below.
- (b) Current Expenses of the Project shall be payable as a first charge from the Revenue Fund as the same become due and payable. Current expenses shall include all necessary operating expenses, current maintenance charges, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance and other expenses incident to the operation of the Project, but shall exclude depreciation, all general administrative expenses of the Borrower and the payment into the "Building Maintenance and Equipment Reserve" hereinafter provided for.
- (c) The Borrower shall establish with the Trustee to be designated in the Indenture and maintain so long as any of the Bonds are outstanding, a separate account or accounts (herein collectively called the "Bond and Interest Sinking Fund Account" or "Sinking Fund") into which shall be deposited all accrued interest received from the sale of the Bonds and such funds as may be made available from sources other than the Bond proceeds for the payment of interest on the Bonds until the time the Project becomes revenue producing. Thereafter, as soon as the Project becomes revenue producing, and after providing for the payment of Current Expenses, the Borrower shall transfer from the Revenue Fund Account, and from its general funds if necessary, and deposit to the credit of the Sinking Fund on or before each February 15 and August 15, the sum of at least \$19,000 until the funds and/or investments therein are sufficient to pay the interest on the outstanding Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months, plus a debt service reserve in the sum of \$55,000, and thereafter, on or before each February 15 and August 15,

Applicant: Southwestern at Memphis

SPECIAL CONDITIONS

such sums from said sources as may be necessary to pay the interest on the Bonds due on the next interest payment date and one-half of the principal due within the succeeding twelve months and maintain the debt service reserve in the sum of \$55,000.

- (d) As soon as the required reserve is accumulated in the Sinking Fund, the Borrower shall establish with the Trustee a separate account called the "Building Maintenance and Equipment Reserve Account" into which shall be transferred from the Dormitory Revenue Fund Account at least \$8,000 during each fiscal year until the funds and/or investments therein shall aggregate \$50,000, and thereafter such sums annually, but not more than \$8,000, as may be required to restore and maintain a balance of \$50,000. All monies in the Building Maintenance and Equipment Reserve Account may be withdrawn and used by the Borrower for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals, and replacements and the renovating or replacement of equipment not paid as part of the ordinary and normal expense of Project operation. However, in the event the funds in the Bond and Interest Sinking Fund Account should be reduced below the amount required to pay the interest on the Bonds due on the next interest payment date and one-half the principal due within the succeeding twelve months, and to maintain the debt service reserve in the sum of \$55,000, funds on deposit in the Building Maintenance and Equipment Reserve Account shall be transferred to the Sinking Fund to the extent required to eliminate the deficiency in that account.
- (e) Subject to the foregoing maximum deposits, the Borrower may use the balance of excess funds in the Revenue Fund Account at the close of each fiscal year, (1) to redeem outstanding Bonds on the next interest payment date in inverse numerical and maturity order, at not to exceed the maximum call price, or (2) for any expenditures, including the payment of debt service, in improving or restoring any existing housing and dining facilities or in improving any existing housing and dining facilities, or (3) for any other lawful purpose.
- (f) Section 12 of the printed Terms and Conditions attached to and made a part of the Loan Agreement is hereby modified by deleting the last paragraph thereof and substituting in lieu thereof the following:

"Prior to filing any requisition for loan funds, the Borrower shall present satisfactory evidence that it has deposited into the Construction Account, or otherwise previously applied to the payment of the cost of the Project, the sum of \$449,750, exclusive of interest during construction, which is to be deposited into the Sinking Fund by

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SPECIAL CONDITIONS

the Borrower as the same becomes due and payable. Any moneys remaining in the Construction Account after all costs of the Project have been paid, but not more than \$100,000, shall be returned to the Borrower. Any money then remaining in the Construction Account shall be promptly used for the redemption of Bonds; provided, however, that any of such funds in an amount less than \$1,000 shall be deposited in the Sinking Fund.

- (g) The Terms and Conditions, CFA-520 (ex H-951) (6-59), attached to and made a part of the Loan Agreement are hereby modified as follows:

Section 20 Wage Rates -- Delete. Substitute the following:

Section 20 Wage Rates and 40 Hour Week.

- (1) Wage Rates: The Borrower shall compile, and submit to the Government for its approval (to be based upon the determination of the Secretary of Labor in accordance with the act of March 3, 1931 (Davis-Bacon Act), as amended) a list of prevailing rates of pay for all laborers and mechanics to be employed by its contractors and their subcontractors on the construction of the Project, (which list shall be based upon the wage rates prevailing for the same classes of laborers and mechanics employed in construction activities, similar in character to the Project in the area in which the Project is to be constructed). Upon obtaining the Government's approval of such proposed minimum wage rates, the Borrower will include such list in all contracts calling for work on the Project and require adherence thereto. The Borrower shall also require of each of its contractors that such lists shall be posted at appropriate conspicuous points on the site of the Project. Unless otherwise required by law, wage rates need not be listed for non-manual workers, including executive supervisory, administrative and clerical employees.

If, after the award of the contract, it becomes necessary to employ any person in a trade or occupation not classified in the above list, such person shall be paid at not less than a rate to be determined by the Secretary of Labor. Such approved minimum rate shall be retroactive to the time of the initial employment of such person in such trade or occupation. The Contractor shall notify the Borrower of his intention to employ persons in trades or occupations not classified in sufficient time for the Borrower to obtain approved rates for such trades or occupations.

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- (2) Computation of Wages on 40 Hour Week: The Borrower shall require of its contractors (a) that the wages of every laborer and mechanic engaged in work on the Project shall be computed on a basic week rate of forty hours per week, constituting a week's work; and (b) that work in excess of forty hours per week shall be permitted upon compensation at one and one-half times the listed rate of pay for all hours worked in excess of forty hours in any one week.
- (3) The Government may waive the application of this Section in cases or classes of cases where laborers or mechanics, not otherwise employed at any time in the construction of the Project, voluntarily donate their services without full compensation for the purpose of lowering the costs of construction and the Government determines that any amounts saved thereby are fully credited to the Borrower.

IN WITNESS WHEREOF, this Agreement has been executed in the name and on behalf of the United States of America, Housing and Home Finance Administrator, through the Community Facilities Commissioner, by the undersigned Regional Administrator, and in the name of Southwestern at Memphis by the undersigned President and Treasurer, and under its official seal, attested by its Secretary.

UNITED STATES OF AMERICA
Housing and Home Finance Administrator
Community Facilities Commissioner

By James L. Kearn
Acting Regional Administrator, Region III

MAR 31 1960

SOUTHWESTERN AT MEMPHIS

By Peyton N. Rhodes
President
(Title)

(SEAL)

By A.K. Burrow
Treasurer
(Title)

ATTEST:

Walker L. Wellford, Jr.
Secretary
(Title)

HOUSING AND HOME FINANCE AGENCY
Community Facilities Administration

TERMS AND CONDITIONS

Constituting Part of the Loan Agreement Providing
for the Financing and Construction of College
Housing and Service Facilities Under Title
IV of the Housing Act of 1950 (Public
Law 475, 81st Congress, as amended)

Section 1. Definitions. As used in these Terms and Conditions: "Government" means the United States of America generally, and specifically the Housing and Home Finance Agency and its Community Facilities Administration, or the successor to the powers exercisable under Title IV of the Housing Act of 1950, as amended acting through the Housing and Home Finance Administrator, or his successor, or the Community Facilities Commissioner or such other person as may be duly authorized to act in said capacity; "Project" means the structure or structures which the Government has agreed to aid in financing under the Loan Agreement; "Loan Agreement" means the contract between the Government and the Borrower pertaining to the Government's loan for the Project and includes both these Terms and Conditions and the contract instrument or instruments of which these Terms and Conditions constitute a part; "Borrower" means the educational institution designated in the Loan Agreement; "Bonds" mean the Bonds or other obligations which the Government agrees to purchase under the Loan Agreement; and "Costs of the development of the Project" means the cost of construction work at the Project site, cost of necessary architectural/engineering services, cost of providing the necessary fixed equipment, legal, administrative and clerical costs, cost of land acquisition, necessary travel expenses, Government audit and inspection costs, interest during construction, and other necessary miscellaneous expenses as determined by the Government.

Section 2. Prerequisites to Government's Obligations. The Government shall be under no obligation to the Borrower, under the Loan Agreement, to disburse any funds thereunder, if:

- (a) Representations. Any representation made by the Borrower in its loan application or any supplement thereto or amendment thereof, or in any document submitted to the Government in connection with such application or loan, shall be incorrect or incomplete in any material respect, or the Government determines that the Borrower has failed to proceed promptly with Project financing or construction;
- (b) Financial Condition. The financial condition of the Borrower shall have changed unfavorably in a material degree from its condition as theretofore represented to the Government;
- (c) Concurrence by Government. The Borrower, having submitted to the Government the documents mentioned in Section 16 hereof, shall have proceeded without having been advised by the Government that the same are satisfactory and in compliance with the provisions hereof; it being the purpose of this provision to insure that no action will be taken in the development of the Project which would result in a legal or contractual violation rendering it impossible for the Government to make the loan hereunder or for the parties to accomplish the objects of the Loan Agreement.

Section 3. Furnishings and Moveable Equipment. The Borrower shall, on or before substantial completion of the Project, provide from sources other than the loan hereunder, and from sources and in a manner which will not jeopardize the security of the Bonds, the furnishings and moveable equipment necessary to the full enjoyment of the use, occupancy and operation of the Project.

Section 4. Project Site. The Project shall be located on lands of the Borrower, at a site to be approved by the Government.

Section 5. Title Evidence. The Borrower shall furnish the Government satisfactory evidence of its ownership of the Project site.

Section 6. Purchase of Bonds. The Borrower shall promptly initiate and prosecute to completion all proceedings necessary to the authorization, issuance, and sale of the Bonds and to the security thereof. When the said proceedings have been completed to the point of but not including the delivery of the Bonds to the Government, the Borrower may file a requisition requesting the Government to purchase the Bonds. The requisition shall be supported by a signed certificate of purposes in which must appear in reasonable detail the purposes for which the proceeds of the Bonds covered by the requisition are to be use, and by such additional data as the Government shall require in order to determine whether it is obligated under the provisions of the applicable Loan Agreement to honor such requisition. If the Government is so obligated, it will promptly take up and pay for the Bonds covered by such requisition, within the limitations, however, specified in the Loan Agreement.

Section 7. Legal Matters. The Borrower shall furnish the Government a transcript of proceedings for the authorization, issuance, sale and security of the Bonds showing to the satisfaction of the Government that the Bonds, when delivered and paid for, will constitute binding and legal obligations, payable and secured in accordance with their tenor, and that all proceedings for the financing and the acquisition, construction and development of the Project preliminary to the delivery of the Bonds to the Government have been had and adopted in due time, form, and manner as required by law.

Section 8. Security. The Borrower shall include in the proceedings for the authorization, issuance, sale, and security of the Bonds, provisions for the payment of the principal of and interest on the Bonds and for the security thereof of the nature required to assure such payment and to safeguard the loan hereunder, including, in case the Bonds are payable in whole or in part from any special sources of revenues, provisions designed to assure the production of such revenues and the application thereof to the extent required for the payment and security of the Bonds and interest thereon, including the maintenance of reasonable reserves.

Section 9. Opinion of Bond Counsel. Simultaneously with the delivery of any of the Bonds to the Government, the Borrower shall furnish to the Government the approving opinion of bond counsel of recognized standing in the financial markets of the United States, as determined by the Government, and covering generally all of the Bonds and, specifically and unqualifiedly, the Bonds then being delivered to the Government.

Section 10. Construction Financing. If the Borrower wishes to start construction prior to the sale of the Bonds, it may do so after having furnished the Government with (1) a satisfactory preliminary opinion of Bond counsel; (2) evidence of its ability to finance on reasonable terms the cost of the Project up to the time the Bonds are ready for delivery; and (3) evidence of the receipt of firm bids establishing that the Project can be constructed within the approved estimated cost thereof.

In the event any loan under temporary financing should become due prior to the time when the Bonds are ready for delivery, the Borrower may apply to and, provided that the Borrower is in compliance with the Terms and Conditions of this Loan Agreement, receive from the Government an advance against the Bonds in an amount sufficient to liquidate such temporary loan.

If in the determination of the Government the Borrower is unable to obtain interim financing on reasonable terms prior to Bond sale, the Government will consider a request by the

Borrower for temporary financial aid in order to avoid undue delay in the construction of the Project.

Any funds made available to the Borrower by the Government pursuant to this Section shall be repaid in full from the first proceeds derived from the sale of the Bonds, and shall bear interest at the rate per annum specified for the Bonds in the Loan Agreement from the date made available to the date of repayment. All funds obtained by the Borrower for temporary financing of the construction of the Project shall be deposited in the Construction Account described in Section 12 hereof and shall be disbursed therefrom only in accordance with the provisions of said Section 12.

Section 11. Prerequisites to Loan Disbursements. The Borrower shall, prior to filing any requisition for loan funds or requesting the Government's approval of any interim construction financing, present satisfactory evidence of its ability to provide (1) the moveable equipment and furnishings required for the operation of the Project; (2) such funds as are necessary with the loan proceeds to assure completion of the Project; and (3) the Project site or sites free from all encumbrances.

Section 12. Construction Account. The Borrower shall set up in a bank or banks which are members of the Federal Deposit Insurance Corporation, or with the fiscal agency of the Borrower fixed by law, a separate account or accounts (herein collectively called the "Construction Account") into which shall be deposited the proceeds from any temporary loans or Government advances, the proceeds from the sale of the Bonds (except accrued interest payments) and the additional funds, if any, required by the provisions of the applicable Loan Agreement to be furnished by the Borrower in order to assure the payment of all costs of the development of the Project. Moneys in the Construction Account shall be expended only for such purposes as shall have been previously specified in a signed certificate of purposes filed with and approved by the Government.

Where the Moneys on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the next 90 days (3 months), the Borrower may deposit such excess funds in time deposits in banks that are members of the Federal Deposit Insurance Corporation or may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government which shall mature, or which shall be subject to redemption by the holder thereof at the option of such holder, not later than three (3) years after the date of such investment.

Any Moneys remaining in the Construction Account after all costs of the Project have been paid shall be promptly used for the redemption of Bonds: Provided, however, that any of such funds in an amount less than \$1,000 shall be deposited in the Bond and Interest Sinking Fund Account provided for in the Loan Agreement.

Section 13. Payment of Costs - Additional Funds. The Borrower shall pay all costs of the development of the Project, and furnish from sources other than the Government, and from sources and in a manner which will not jeopardize the security of the Bonds, the additional funds, if any, which will be sufficient to finance the total development costs of the Project. Such additional funds, if any are required, shall be deposited into the Construction Account by the Borrower on its own initiative, and, in any event, promptly upon the request of the Government.

Section 14. Prompt Procedure - Economic Construction. The Borrower covenants and agrees that it will proceed promptly with all matters necessary to the financing and the development of the Project; and that the Project will be undertaken and developed in such a manner that economy will be promoted in such development and in the construction work; and that the Project will not be of elaborate or extravagant design or materials.

Section 15. Approvals and Permits. The Borrower shall obtain all approvals and permits required by law as a condition precedent to the acquisition, construction, development, and operation of the Project.

Section 16. Submission of Proceedings, Contract and Other Documents. The Borrower, unless otherwise instructed by the Government, shall submit to the Government:

- (a) two copies of the proposed resolutions or ordinances for the authorization and issuance of the Bonds, including any supplements or amendments thereto, prior to the adoption or enactment of any such resolutions or ordinances;
- (b) two copies of all proposed contracts and proposed contract documents relating to the Project, prior to the invitation of bids thereon;
- (c) all proposed wage rates to be established by the Borrower pursuant to the provisions of Section 20 hereof, before such wage rates are put into effect;
- (d) a written statement concerning the proposed execution or award of each contract relating to the Project, before such execution and before the award thereof is approved;
- (e) two sets of executed contract documents relating to the Project and three sets of conformed copies thereof, before any work, service, material or equipment is performed or furnished thereunder;
- (f) a written statement concerning the proposed assignment of any interest in or part of any contract relating to the Project, before an assignment thereof is approved;
- (g) a written statement concerning each proposed amendment, or proposed extra, change, or additional work order intended to affect any contract relating to the Project, before such amendment, or extra, change, or additional work order is executed or issued;
- (h) such other data, reports, records, and documents relating to the construction and operation of the Project as the Government may require.

Section 17. Construction by Contract. All work on the Project shall be done under contract and every opportunity shall be given for free, open, and competitive bidding for each and every construction, material, and equipment contract. The Borrower shall give such publicity by advertisements or calls for bids by it for the furnishing to it of work, labor, materials, and equipment as will provide adequate competition; and the award of each contract therefor shall be made to the lowest responsible bidder as soon as practicable: Provided, that in the selection of equipment or materials the Borrower may, in the interest of standardization or ultimate economy, if the advantage of such standardization or such ultimate economy is clearly evident, award a contract to a responsible bidder other than the lowest in price.

Section 18. Contract Security. The Borrower shall require that each construction contractor shall furnish a bond in an amount at least equal to 100 percent of his contract price as security for the faithful performance of his contract and for the payment of all persons performing labor and furnishing materials in connection therewith: Provided, that if applicable State law requires a separate bond for the protection of laborers and materialmen, the Borrower will require that each such contractor shall furnish a bond in the amount above stated for the faithful performance of his contract and a separate bond in an amount required by applicable State law but in no event less than 50 percent of his contract price for the payment of all persons performing labor and furnishing materials in connection with his contract.

Section 19. Contractors' Insurance.

A. The Borrower shall require that each of its construction contractors shall maintain, during the life of his contract, insurance as follows:

1. Compensation Insurance. Workman's Compensation and Employees Liability Insurance as required by applicable State or territorial law for all of such contractors' employees who will be engaged in work at the site of the Project and, if any part of such contractors' contract is sublet, the contractor shall require each subcontractor to maintain such insurance for all of the subcontractor's employees who will be so engaged unless the

subcontractor's employees are protected by the principal contractor's insurance.

2. Liability Insurance. Public Liability and Property Damage Insurance in amounts deemed adequate by the Government for bodily injury and/or death, and for property damage, to protect such contractor from claims for damages for personal injury and/or death and damage to property of others which may arise from any operations under his contract whether such operations be by himself or by any subcontractor or anyone directly or indirectly employed by either of them; and on any part of the work which is sublet, the contractor shall require each subcontractor to maintain like insurance unless the subcontractor is covered by the contractor's Public Liability Insurance policy.

3. Proof of Carriage of Insurance. The contractor shall furnish the Borrower (owner) with certificates showing the type, amounts, class of operations covered, effective dates and dates of expiration of his insurance policies. Such certificates shall also contain substantially the following statement: "The insurance covered by this certificate will not be cancelled or materially altered except after ten days written notice has been received by the owner".

B. At the option of the Borrower, the following insurance shall be provided by the Borrower or its contractor:

1. Builders Risk Fire and Extended Coverage. Fire and Extended Coverage Insurance to protect the Borrower and the contractor and subcontractors against loss caused by the perils insured against in the amount of 100% of the insurable value of the Project including items of labor and materials in place or to be used as part of the permanent structure including surplus materials, temporary structures, and miscellaneous materials and supplies incident to the work.

Such insurance shall be maintained in full force and effect until the Project is accepted by the Borrower from its contractor. In the event the Borrower elects to provide such insurance, the bidding documents shall contain a notice to the bidders of such fact and that the cost of Fire and Extended Coverage Insurance shall be excluded from their respective contract bids.

If the Project is partially occupied prior to acceptance from the contractor, the Borrower shall obtain assurances of coverage during such period; and also obtain consent of the surety company to such prior occupancy.

Section 20. Wage Rates. The Borrower shall require all of its contractors engaged in work on the Project to comply with any applicable State law governing the payment of minimum rates of pay to workmen, including apprentices, employed on the Project. In the absence of any such State law, the Borrower shall compile, and submit to the Government for its approval, a list of prevailing rates of pay for all laborers and mechanics to be employed on the construction of the Project (which list shall be based upon the wage rates prevailing for the same classes of laborers and mechanics employed in construction activities, similar in character to the Project in the area in which the Project is to be constructed). Upon obtaining the Government's approval of any such proposed minimum wage rates, or the rates required by applicable State law, the Borrower will include such list in all contracts calling for work on the Project and require adherence thereto. The Borrower shall also require of its contractor that all such lists shall be posted at appropriate conspicuous points on the site of the Project. Unless otherwise required by law, wage rates need not be listed for non-manual workers, including executive, supervisory, administrative and clerical employees.

Section 21. Payment of Employees. The Borrower shall require of its contractors that all employees engaged in work on the Project be paid in full (less deductions made mandatory by law) not less often than once each week.

Section 22. Wage Underpayments and Adjustments. The Borrower shall require of each of its contractors that, in cases of underpayment of wages by the contractor, the Borrower may withhold from such contractor out of payments due, an amount sufficient to pay workers employed on the work covered by his contract the difference between the wages required to be paid under the contract and the wages actually paid such workers for the total number of hours worked and may disburse such amounts so withheld by it for and on account of the contractor to the respective employees to whom they are due.

Section 23. Anti-Kickback Statute. The so-called Anti-Kickback Statute, Public Law No. 324 73rd Congress, approved June 13, 1934 (48 Stat. 1948), and the regulations issued pursuant thereto, are a part of these Terms and Conditions, and the Borrower shall comply, and require each of its contractors employed in the construction, prosecution, or completion of the Project to comply therewith, and to cause his subcontractors to do likewise.

Section 24. Accident Prevention. The Borrower shall require of its contractors that precaution shall be exercised at all times for the protection of persons (including employees) and property, and that hazardous conditions be guarded against or eliminated.

Section 25. Supervision and Inspection. The Borrower shall provide and maintain on its own behalf competent and adequate architectural or engineering services covering the supervision and inspection of the development and construction of the Project.

Section 26. Non-Discrimination. The Borrower shall require that there shall be no discrimination against any employee who is employed in carrying out the Project, or against any applicant for such employment, because of race, religion, color or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Borrower shall insert the foregoing provision of this Section in all its contracts for Project work and will require all of its contractors for such work to insert a similar provision in all subcontracts for Project work: Provided, that the foregoing provisions of this Section shall not apply to contracts or subcontracts for standard commercial supplies or raw materials. The Borrower shall post at the Project, in conspicuous places available for employees and applicants for employment notices to be provided by the Government setting forth the provisions of this non-discrimination clause.

Section 27. Payments to Contractors. Not later than the fifteenth day of each calendar month the Borrower shall make a partial payment to each construction contractor on the basis of a duly certified and approved estimate of the work performed during the preceding calendar month by the particular contractor, but shall retain until final completion and acceptance of all work covered by the particular contract a reasonable amount, specified in the contract, sufficient to insure the proper performance of the contract.

Section 28. Reports, Records and Data. The Borrower shall submit, and shall require each contractor and subcontractor on the Project to submit, to the Government such schedules of quantities and costs, progress schedules, payrolls, reports, estimates, records and miscellaneous data as may be required under applicable Federal Statutes or rules and regulations promulgated thereunder.

Section 29. Audit and Inspection. The Borrower shall require of its contractors that the Government's authorized representatives be permitted, and it will itself permit them, to inspect all work, materials, payrolls, records of personnel, invoices of materials and other relevant data and records appertaining to the development of the Project; and shall permit the Government's authorized representatives to audit the books, records, and accounts of the Borrower appertaining to the loan and the development of the Project. The Borrower shall cause to be provided and maintained during the construction of the Project adequate facilities at the site thereof for the use of the Government's representatives assigned to the Project.

Section 30. Audit and Inspection Expenses. In determining the costs of the Project, there shall be included a sum to be specified in the Loan Agreement as the agreed fixed fee for payment of the Government's expense of supervising and inspecting the work appertaining

to the development of the Project and of auditing the books, records, and accounts pertaining to the Project. The Government will bill the Borrower after award of the construction contract for such expense, and the Borrower will promptly make payment to the Government therefor, from the first funds received by it for construction of the Project, as part of the consideration for the loan hereunder and as a cost incident to the financing and development of the Project.

In the event of termination of this Agreement through the sale of all of the Bonds to private purchasers, the Borrower shall be entitled to a refund of all or a proportionate part of the above fixed fee, dependent on whether the Government has inspected the construction of the Project and conducted audits of the Borrower's books, records, and accounts pertaining to the Project prior to or within a reasonable time after said sale of the Bonds. The refund shall be in such an amount as the Government determines to be equitable under the circumstances.

Section 31. Signs. The Borrower shall cause to be erected at the site of the Project signs, identifying the Project, and indicating the fact that the Government is participating in the development of the Project.

Section 32. Retention of Title. So long as the Government holds any of the Bonds, the Borrower shall not dispose of its title to the Project or to any facility the revenues of which are pledged as security for the Bonds, or to any useful part thereof, including any facility necessary to the operation and use thereof, and the lands and interests in lands comprising their sites, except as permitted in the Loan Agreement and the bond authorizing proceedings.

Section 33. Insurance on Completed Projects

A. Fire and Extended Coverage. Upon acceptance of the Project from the contractor, the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on the Project, and upon receipt of funds acquired pursuant to the Loan Agreement, the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on any other of its buildings, the revenues of which are pledged to the security of the loan hereunder. The foregoing Fire and Extended Coverage Insurance shall be maintained so long as any of the Bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed 80 per centum (80%) of the full insurable value of the damaged building.

Where a Trustee is to be or has been designated in connection with the bond issue, each such insurance policy shall be acceptable to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

In the event of any damage to or destruction of any of said building or buildings, the Borrower shall promptly arrange for the application of the insurance proceeds for the repair or reconstruction of the damaged or destroyed portion thereof, or retire the outstanding Bonds.

B. Boiler Insurance. Upon acceptance of the Project from the contractor, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Boiler Insurance covering any steam boilers servicing the Project, in a minimum amount of \$50,000.00.

C. Liability Insurance. Upon receipt of any funds acquired pursuant to the Loan Agreement, the Borrower shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Public Liability Insurance with limits of not less than \$50,000.00 for one person and \$100,000.00 for more than one person involved in one accident to protect the Borrower from claims for bodily injury and/or death which may arise from the Borrower's operations, including any use or occupancy of its grounds, structures and vehicles.

Section 34. Use and Occupancy Insurance. Immediately upon occupancy of any portion of the Project and so long thereafter as the funds and investments of the Bond and Interest Sinking Fund Account or Collateral Account, if any, (as provided in the Loan Agreement) are less than the maximum debt service reserve required by said provisions of the Loan Agreement, the Borrower shall procure and maintain Use and Occupancy Insurance on each building, the revenues of which are pledged to payment of the Bonds, in an amount sufficient to enable the Borrower to deposit in the Bond and Interest Sinking Fund Account, out of the proceeds of such insurance, an amount equal to the sum that would normally have been available for deposit in such Account from the revenues of the damaged building during the time the damaged building is non-revenue producing as a result of loss of use caused by the perils covered by Fire and Extended Coverage Insurance. Where a Trustee is to be or has been designated in connection with the bond issue, each such insurance policy shall be acceptable to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee as its interest may appear.

Section 35. Parietal Rules. The Borrower shall establish and maintain so long as any of the Bonds are outstanding, such parietal rules, rental rates and charges for the use of the Project facilities and such other facilities the revenues of which are pledged to the payment of the Bonds as may be necessary to (1) assure maximum occupancy and use of said facilities and (2) provide together with any other funds herein pledged to payment of the bonds (a) the operating and maintenance expenses of said facilities, (b) the debt service on the Bonds, (c) the required reserve therefor, and (d) the Building Maintenance and/or Equipment Reserve where such reserves are required.

Section 36. Proper Records and Books. The Borrower shall covenant that it will keep accurate financial records and proper books relating to the Project, other facilities the revenues of which are pledged to secure the Bonds and other pledged revenue sources and such records and books shall be open to inspection by the Bondholders and their agents and representatives. It shall further covenant that not later than 90 days after the close of each fiscal year it will furnish to the Trustee and to any Bondholder who shall request same in writing, copies of audit reports prepared by an independent public accountant, or where appropriate, by the State auditing official, reflecting in reasonable detail the financial condition and record of operation of the Borrower, the Project, other pledged facilities, and other pledged revenue sources, including particularly the Borrower's enrollment, the occupancy or degree of use of and rates charged for the use of, and the insurance on, the Project and any other facilities the revenues of which are pledged in this Loan Agreement, and the status of the several accounts and funds required by the Loan Agreement.

Section 37. Investment of Funds. Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account and/or the Building Maintenance and/or Equipment Reserve Account shall, upon request by the Borrower, be invested by the Trustee or other designated depository, in direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States Government. Where the Borrower is required to maintain fixed amounts in such accounts, the investments of such funds shall be valued in terms of current market value as of June 30 and December 31 of each year.

Section 38. Interest of Third Parties. The Loan Agreement is not for the benefit of third parties, including the holders from time to time of any of the Bonds, and the Government shall be under no obligation to any such parties, whether or not indirectly interested in said Agreement, to pay any charges or expenses incident to compliance by the Borrower with any of its duties or obligations thereunder.

Section 39. Interest of Members of or Delegates to Congress. No member of or delegate to the Congress of the United States shall be admitted to any share or part of this Agreement or to any benefit arising therefrom.

Section 40. Bonus or Commission. By execution of the Loan Agreement the Borrower represents that it has not paid and, also, agrees not to pay, any bonus, commission, or fee for the purpose of obtaining an approval of its application for the loan hereunder.

THIS TRUST INDENTURE IS MADE A PART OF
THE MINUTES OF THE BOARD OF DIRECTORS
MEETING HELD ON MARCH 17, 1960.

SOUTHWESTERN AT MEMPHIS

TO

**THE FIRST NATIONAL BANK
OF MEMPHIS, TRUSTEE**

TRUST INDENTURE

Dated as of March 1, 1960

Dormitory Bonds of 1960

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TRUST INDENTURE

Part One

PARTIES, RECITALS AND GRANTING CLAUSES

THIS INDENTURE, consisting of two parts identified as Part One and Part Two (herein sometimes called the "Indenture"), dated as of March 1, 1960, by and between SOUTHWESTERN AT MEMPHIS, a private nonprofit educational corporation, organized and existing under the laws of Tennessee, located at Memphis, in the County of Shelby, in the State of Tennessee (hereinafter sometimes called the "Borrower"), acting by and through its Board of Directors, (hereinafter sometimes called the "Board"), and THE FIRST NATIONAL BANK OF MEMPHIS, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, and having its main office and place of business in the City of Memphis, in Shelby County, Tennessee, (hereinafter sometimes called the "Trustee"), W I T N E S S E T H:

WHEREAS, the Borrower is duly authorized by law to borrow money for its lawful corporate purposes and to issue and sell its bonds for money so borrowed and to mortgage and pledge its properties now owned or hereafter acquired in order to secure the payment of such obligations; and

WHEREAS, the Borrower proposes to construct on the sites hereinafter mentioned certain facilities consisting of a dormitory to house approximately sixty-six (66) women students and a dormitory, with a prayer room, to house approximately one hundred five (105) men students, each with appurtenant facilities and with a passage connecting it to an existing building, (hereinafter sometimes called the "Project"); and

WHEREAS, said Project is a lawful corporate purpose of the Borrower; and

WHEREAS, the Borrower has deemed it advisable to borrow money for the aforesaid purposes and to issue its bonds therefor and to mortgage and pledge, in the form of this Indenture, certain of its property hereinafter described, to secure the payment of said bonds, and to that end has duly authorized and directed the issuance of its bonds in the aggregate principal amount of Six Hundred Thousand Dollars (\$600,000), such bonds to be designated "Dormitory Bonds of 1960" (herein sometimes called the "Bonds"), which shall be coupon bonds registerable as to principal only or a fully registered bond or bonds as in this Indenture hereinafter provided; and

WHEREAS, the proceeds of the Bonds, together with any other available funds, will be used for the specific corporate purpose of providing funds for the aforesaid Project; and

WHEREAS, the execution and delivery of this Indenture and the issuance of the Bonds have been in all respects duly and validly authorized by the Board pursuant to a resolution adopted by said Board on the 17th day of March, 1960 (herein sometimes called the "Resolution"); and

WHEREAS, the coupon Bonds, the coupons to be attached thereto, the Certificate of Registration and the Trustee's Authentication Certificate to be endorsed on the Bonds are to be substantially in the following forms, respectively, to wit:

(FORM OF COUPON BOND)

NO. _____

\$1,000.00

SOUTHWESTERN AT MEMPHIS
DORMITORY BOND OF 1960

SOUTHWESTERN AT MEMPHIS, a private, nonprofit, educational institution incorporated under the laws of the State of Tennessee (herein called the "Borrower"), for value received, hereby promises to pay to the bearer, or, if this Bond be registered, to the registered owner hereof, on the 1st day of March, 19____, the principal sum of One Thousand Dollars (\$1,000) and to pay interest thereon from the date hereof at the rate of three and one-eighth per centum (3-1/8%) per annum payable September 1, 1960, and semiannually thereafter on March 1 and September 1 of each year until the principal amount hereof has been paid, but until the maturity hereof only upon the presentation and surrender of the interest coupons hereto appertaining as they severally become due. Both the principal of and the interest on this Bond shall be payable in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for the payment of debts due the United States of America, at the main office of The First National Bank of Memphis, as trustee under the Indenture hereinafter described or of its successor as such trustee (hereinafter called the "Trustee") or at the option of the holder at the principal office of Chase Manhattan Bank, New York, New York (herein collectively called the "Bank of Payment").

This Bond is one of a duly authorized issue of general obligation Bonds of like tenor and effect except as to serial number, right of prior redemption and maturity, numbered from 1.

upwards, of the denomination of One Thousand Dollars (\$1,000) each, aggregating Six Hundred Thousand Dollars (\$600,000), issued for the corporate purposes of the Borrower, viz.: to provide part of the funds for the construction of a dormitory to house approximately sixty-six (66) women students and a dormitory, with a prayer room, to house approximately one hundred five (105) men students, each with appurtenant facilities and with a passage connecting it to an existing building, to be located on lands owned by the Borrower in fee simple, situated in the City of Memphis, Shelby County, Tennessee (hereinafter sometimes called the "Project"), all issued under and all equally and ratably secured by Trust Indenture dated as of March 1, 1960 (herein called the "Indenture"), duly executed and delivered by the Borrower, pursuant to a Resolution duly adopted on March 17, 1960, to the aforesaid Trustee, to which Indenture, and all indentures supplemental thereto, reference is hereby made for a description of the property mortgaged and funds and revenues pledged thereunder, the nature and extent of the security thereby created, the rights of the holders or registered owners of the Bonds, the rights, duties and immunities of the Trustee, and the rights and obligations of the Borrower thereunder. An executed counterpart of the Indenture is on file at the office of the Trustee and an executed counterpart has been recorded at the office of the Register of the County of Shelby, State of Tennessee, as provided by law for recording of mortgages on real estate.

Bonds of this issue, of which this Bond is one, are numbered consecutively from 1 to 600, in the order of maturity. The Bonds maturing March 1, 1963, through March 1, 1970, are not subject to redemption except when redeemed through the application of the proceeds of insurance as prescribed in Section 6.14 of Part Two of said Indenture. Bonds maturing March 1, 1971, through March 1, 1995 are subject to redemption, prior to the stated maturities thereof, in whole or in part at the option of the Borrower, on any interest payment date after March 1, 1970, in inverse numerical order, at the principal amount thereof plus accrued interest to date of redemption, and a premium for each such Bond as follows:

3%	if redeemed	September 1, 1970 through	March 1, 1975 inclusive
2½%	"	September 1, 1975	" March 1, 1980
2%	"	September 1, 1980	" March 1, 1985
1½%	"	September 1, 1985	" March 1, 1990
1%	"	after March 1, 1990	

Bonds maturing March 1, 1996 and thereafter, are subject to redemption, in whole or in part, at the option of the Borrower, on any interest payment date during the entire life of the Bond issue, in inverse numerical order at the principal amount thereof

plus accrued interest, and are entitled to priority of redemption over all other redeemable Bonds.

Notice of any such redemption shall be published in a financial journal printed in the English language in the City of New York, New York, at least once, not more than sixty days nor less than thirty days before the date fixed for such payment, and thirty days' notice in writing shall be given to the Bank of Payment before the date so fixed for such redemption; provided that said published notice of redemption need not be given in the event that all of the Bonds to be so redeemed are held by a single owner, and notice in writing by certified or registered mail is given to such owner not more than sixty days nor less than thirty days before the date so fixed for redemption. Prior to the date fixed for redemption, funds shall be deposited in the Bank of Payment sufficient to pay the Bonds called and accrued interest thereon, plus any premium required. Upon the happening of the above conditions said Bonds thus called shall not bear interest after the call date and, except for the purpose of payment, shall no longer be protected by the Indenture. If any of the Bonds called for redemption is registered as to principal, notice shall be mailed to the registered owner of each such Bond by certified or registered mail, addressed to him at his registered address, not earlier than sixty days nor later than thirty days prior to the date fixed for redemption. If no Bonds payable to bearer are to be redeemed, published notice of such redemption need not be given.

This Bond is transferable by delivery unless registered as to principal in the owner's name upon the books of the Borrower to be kept for that purpose at the office of the Trustee, such registration to be noted hereon. After such registration, no transfer of this Bond shall be valid unless made on said books at the request of the registered owner hereof, or his duly authorized agent, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, whereupon transferability by delivery shall be restored; and this Bond may again from time to time be registered or made payable to bearer as before. Such registration, however, shall not affect the negotiability of the annexed coupons, which shall always be transferable by delivery and be payable to bearer, and payment to the bearer thereof shall fully discharge the Borrower in respect of the interest therein mentioned, whether or not this Bond be registered as to principal and whether or not any such coupons be overdue.

It is hereby declared and represented in issuing this Bond and the series of which it is a part, that while any part of the principal of or interest on said issue of Bonds is outstanding and unpaid, the Borrower has covenanted and agreed to operate and

maintain continuously the Project and the facilities and services afforded by same; to establish and continuously maintain rental, use, occupancy and other service charges sufficient to pay the reasonable operation and maintenance expenses thereof, the principal of and interest on the Bonds as each Bond matures and as such interest falls due, and to establish and maintain an adequate reserve for contingencies as is more fully provided in the Indenture, and that it has established and will maintain in force such parietal rules as shall be necessary to assure maximum use and occupancy of the Project.

In case an event of default, as defined in the Indenture, occurs, the principal of this Bond and all other Bonds outstanding, may be declared or may become due and payable prior to the stated maturity hereof in the manner and with the effect and subject to the conditions provided in the Indenture.

With the consent of the Borrower and to the extent permitted by and as provided in the Indenture, the terms and provisions of the Indenture, or of any instrument supplemental thereto, may be modified or altered by the assent or authority of the holders of at least sixty-five per centum in aggregate principal amount of the Bonds then outstanding thereunder; PROVIDED, HOWEVER, that no such modification or alteration shall be made which will (a) adversely affect the terms of payment of the principal of or interest on the Bonds outstanding thereunder, or (b) authorize the creation of any other lien upon any of the mortgaged or pledged property, or (c) give to any Bond or Bonds secured thereby any preference over any other Bond or Bonds secured thereby.

No recourse shall be had for the payment of the principal of or interest on this Bond against any past, present, or future officer, director, trustee, or member of the Borrower, as such, all such liability (if any) being hereby expressly waived and released by every bearer and registered holder hereof by the acceptance hereof, and as a part of the consideration hereof, as provided in the Indenture.

It is hereby certified and recited that all acts, conditions, and things required to be done precedent to and in the issuance of this Bond and the series of which it is a part, have been properly done, have happened and have been performed in regular and due time, form and manner as required by law; that this series of Bonds does not exceed any constitutional, statutory or corporate limitation, and that provision has been made for the payment of principal of and interest on this Bond and the series of which it is a part as provided in the Indenture.

This Bond shall not be valid nor become obligatory for any purpose until it shall have been authenticated by the execution of the certificate hereon endorsed by the Trustee under this Indenture.

IN WITNESS WHEREOF SOUTHWESTERN AT MEMPHIS has caused this Bond to be signed in its corporate name by its President, and by the Treasurer of its Board of Directors, its corporate seal to be hereunto affixed and attested by the Secretary of its Board of Directors, and the interest coupons hereto attached to be executed by placing thereon the facsimile signature of the Treasurer of said Board, all as of the 1st day of March, 1960.

SOUTHWESTERN AT MEMPHIS

By _____
President

(SEAL)

Treasurer, Board of Directors

ATTEST:

Secretary, Board of Directors

(FORM OF COUPON)

NO. _____

\$ _____

On the first day of _____, 19____, upon surrender of this coupon, unless the Bond hereinafter mentioned shall have been previously called for redemption and payment thereof made or duly provided for, Southwestern at Memphis will pay to bearer at the main office of The First National Bank of Memphis, or, at the option of the holder, at principal office of the Chase Manhattan Bank, New York, New York _____ Dollars (\$ _____), payable in any coin or currency which, on such date, is legal tender for the payment of debts due the United States of America, being six months' interest then due on its Dormitory Bond of 1960, dated March 1, 1960, No. _____.

SOUTHWESTERN AT MEMPHIS

By _____
Treasurer, Board of Directors

(FORM OF TRUSTEE'S CERTIFICATE)

This is one of the Bonds described in the within mentioned Indenture.

THE FIRST NATIONAL BANK OF MEMPHIS
Trustee

By _____
Authorized Officer

CERTIFICATE OF REGISTRATION

It is hereby certified that, at the request of the holder of the within Bond, I have this day registered it as to principal

in the name of such holder, as indicated in the registration blank below, on the books kept by me for such purpose. The principal of this Bond shall be payable only to the registered holder hereof named in the registration blank below, or his legal representative, and this Bond shall be transferable only on the books of the Registrar and by an appropriate notation in such registration blank. If the last transfer recorded on the books of the Registrar, and in the registration blank below, shall be to bearer, the principal of this Bond shall be payable to bearer and it shall be in all respects negotiable. In no case shall negotiability of the coupons attached hereto be affected by any registration as to principal.

NAME OF REGISTERED HOLDER DATE OF REGISTRATION SIGNATURE OF REGISTRAR

; and

WHEREAS, the fully registered Bond or Bonds without coupons issuable hereunder shall be in substantially the form set forth below (with appropriate insertions and changes therein as to principal amounts, dates, dates of maturity of principal installments, names of payees, and otherwise as may be required in the event that only certain maturities of the bonds shall have been purchased by the Government of the United States and/or by any other purchaser or purchasers), to wit:

(FORM OF REGISTERED BOND)

UNITED STATES OF AMERICA
State of Tennessee

No. R-1

\$ _____

SOUTHWESTERN AT MEMPHIS
DORMITORY BOND OF 1960

SOUTHWESTERN AT MEMPHIS, a Tennessee corporation (hereinafter called the "Borrower"), for value received, hereby promises to pay to the UNITED STATES OF AMERICA, HOUSING AND HOME FINANCE ADMINISTRATOR, or his successor (herein sometimes called the "Payee"), or his registered assigns (herein sometimes called the "Alternate Payee") ^{1/} the principal sum of _____ Dollars (\$ _____), on the first day of March in years and installments as follows:

<u>Year</u>	<u>Principal Amount</u>	<u>Year</u>	<u>Principal Amount</u>
1963	\$ 9,000	1982	\$15,000
1964	9,000	1983	16,000
1965	9,000	1984	16,000
1966	9,000	1985	17,000
1967	10,000	1986	17,000
1968	10,000	1987	18,000
1969	10,000	1988	18,000
1970	10,000	1989	19,000
1971	11,000	1990	19,000
1972	11,000	1991	20,000
1973	11,000	1992	20,000
1974	12,000	1993	21,000
1975	12,000	1994	22,000
1976	12,000	1995	23,000
1977	13,000	1996	23,000
1978	13,000	1997	24,000
1979	14,000	1998	25,000
1980	14,000	1999	26,000
1981	15,000	2000	27,000

1/ This designation to be used where bonds have been awarded to the Government.

in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of debts due the United States of America, and to pay interest on the balance of said principal sum from time to time remaining unpaid, in like coin or currency, at the rate of 3-1/8% per annum, semi-annually, on March 1 and September 1 of each year, commencing on September 1, 1960 until the principal amount hereof has been paid. During the time the Payee is the registered owner of this Bond payment of the principal installments and interest due shall be made at the Federal Reserve Bank of Richmond, Richmond, Virginia, or such other fiscal agent as the Payee shall designate (herein called the "Fiscal Agent"). During such time as an Alternate Payee is the registered owner hereof, said payments shall be made at the principal office of The First National Bank of Memphis, the Trustee under the Indenture, hereinafter mentioned, pursuant to which this Bond is issued, in the City of Memphis, Tennessee, or its successor as such Trustee, or, at the option of the Alternate Payee, at the principal office of Chase Manhattan Bank, in the Borough of Manhattan, City and State of New York (herein called the "Alternate Paying Agent"). Payments of principal and interest, including prepayments of installments of principal as hereinafter provided, shall be noted on the Payment Record made a part of this Bond, and if payment is made at the office of the Fiscal Agent or Alternate Paying Agent, written notice of the making of such notations shall be promptly sent to the Borrower at the office of the Trustee, and such payment shall fully discharge the obligation of the Borrower hereon to the extent of the payments so made. Upon final payment of principal and interest this Bond shall be submitted to the Trustee for cancellation and surrender to the Borrower.

This Bond, designated as the "Dormitory Bond of 1960" (herein referred to as the "Bond"), is a general obligation of the Borrower limited to an aggregate principal amount of \$600,000 duly issued by the Borrower to finance in part the construction of a dormitory to house approximately sixty-six (66) women students and a dormitory, with a prayer room, to house approximately one hundred five (105) men students, each with appurtenant facilities and with a passage connecting it to an existing building, under and pursuant to an Indenture dated as of March 1, 1960 (herein referred to as the "Indenture"), duly executed and delivered by the Borrower, pursuant to a Resolution duly adopted on March 17, 1960, to the Trustee to which Indenture, and all indentures supplemental thereto, reference is hereby made for a description of the property mortgaged and funds and revenues, pledged thereunder, the nature and extent of the security thereby created, and the rights, limitation of rights, duties and immunities of the Trustee, the Borrower, and the registered owner of this Bond. An executed counterpart of the Indenture is on file at the office of the Trustee, and an executed counterpart has

been recorded at the office of the Register of the County of Shelby, State of Tennessee, as provided by law for recording of mortgages on real estate.

As provided in the Indenture, this Bond is exchangeable at the sole expense of the Borrower at any time, upon ninety days' notice, at the request of the registered owner hereof and upon surrender of this Bond to the Borrower at the office of the Trustee in the City of Memphis, Tennessee, for negotiable coupon bonds, payable to bearer, registrable as to principal only, of the denomination of One Thousand Dollars (\$1,000) each, in an aggregate principal amount equal to the unpaid principal amount of this Bond, and in the form of such coupon Bond as provided for in the Indenture.

In addition to the installments of principal required to be paid by the Borrower as hereinabove set forth, the Borrower shall have the right to prepay the installments of principal through the application of the proceeds of insurance as provided in Sections 6.14 of Part Two of this Indenture, and shall also have the right to prepay on any interest payment date the principal installments due after March 1, 1996, or any portion thereof as it may determine upon, in inverse chronological order and in multiples of One Thousand Dollars, at the principal amount thereof plus accrued interest to the date of prepayment. After payment of the aforesaid installments the Borrower shall have the right to prepay on any interest payment date after March 1, 1970, the entire principal amount hereof then remaining unpaid, or such lesser portion thereof as it may determine upon in inverse chronological order of said installments and in multiples of One Thousand Dollars, at the following prices (expressed in terms of a percentage of the principal amount of such prepayment) plus accrued interest to the date of prepayment: 103% if paid on or prior to March 1, 1975, 102½% if paid after March 1, 1975, but on or prior to March 1, 1980, 102% if paid after March 1, 1980, but on or prior to March 1, 1985, 101½% if paid after March 1, 1985, but on or prior to March 1, 1990, 101% if paid after March 1, 1990. PROVIDED, HOWEVER, that so long as the registered owner hereof shall be the Payee, the Borrower may prepay on any interest payment date the entire unpaid principal amount hereof or, from time to time in the inverse chronological order of the said installments, such lesser portion thereof in multiples of One Thousand Dollars as the Borrower may determine, at the principal amount thereof plus accrued interest to the date of such prepayment.

Notice of any such optional prepayment shall be given at least thirty days prior to the prepayment date by mailing to the registered owner of this Bond a notice fixing such prepayment date, the amount of principal and the premium, if any, to be prepaid.

This Bond may be assigned and upon such assignment the assignor shall promptly notify the Borrower at the office of the Trustee by registered mail, and the Alternate Payee shall surrender the same to the Trustee either in exchange for a new fully registered Bond or for transfer on the registration records and verification of the endorsements made on the Payment Record attached hereto of the portion of the principal amount hereof and interest hereon paid or prepaid, and every other assignee shall take this Bond subject to such condition.

In case an event of default, as defined in the Indenture, shall occur, the principal of this Bond may be declared or may become due and payable in the manner and with the effect provided in the Indenture.

No recourse shall be had for the payment of the principal of or interest on this Bond against any officer, director, trustee, or member of the Borrower, as such, all such liability (if any) being hereby expressly waived and released by every registered holder or transferee hereof by the acceptance hereof, and as a part of the consideration hereof, as provided in the Indenture.

It is hereby certified that all of the conditions, acts and things required to exist, to have happened or to have been performed precedent to and in the issuance of this Bond, do exist, have happened or have been performed in regular form, time and manner.

This Bond shall not be entitled to any benefit under the Indenture or be valid or become obligatory unless it shall have been authenticated by the Trustee, or its successor in the trust, by completing the Certificate of Trustee appearing hereon.

IN WITNESS WHEREOF, the Borrower has caused this Bond to be executed in its name by its President, and by the Treasurer of its Board of Directors, its corporate seal to be hereto affixed and attested by the Secretary of its Board of Directors, all as of the first day of _____, 19__.

SOUTHWESTERN AT MEMPHIS

By _____
President

ATTEST:

Secretary, Board of Directors

Treasurer, Board of Directors

(FORM OF TRUSTEE'S CERTIFICATE)

CERTIFICATE OF TRUSTEE

This Bond is the single registered installment Bond described in the within mentioned Indenture.

THE FIRST NATIONAL BANK OF MEMPHIS
Trustee

By _____
Authorized Officer

REVENUE STAMP CERTIFICATE

I, the undersigned _____,
Treasurer of the Board of Directors of the Southwestern at Memphis,
do hereby certify that the tax laws of the United States of America
and of the State of Tennessee applicable to the issuance of this
Bond and the execution of the Indenture herein referred to have been
fully complied with. I further certify that the proper amount of
United States Revenue Stamps applicable to this Bond have been af-
fixed to the Indenture and cancelled.

Treasurer, Board of Directors
Southwestern at Memphis

(FORM OF ASSIGNMENT)

For Value Received, the undersigned sells, assigns and
transfers unto _____
(Name and Address of Transferee must be printed or
typewritten) \$ _____ of the principal amount of the within
fully registered Bond of Southwestern at Memphis and does irrevoc-
ably constitute and appoint _____ attorney
to transfer the said Bond on the books of Southwestern at Memphis
with full power of substitution in the premises.

Dated: _____, 19__.

In the presence of:

PAYMENT RECORD

<u>Due Date</u>	<u>Principal Payment</u>	<u>Principal Balance Due</u>	<u>Interest Payment (3-1/8%)</u>	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Official and Title</u>
Sept. 1, 1960					
March 1, 1961					
Sept. 1, 1961					
March 1, 1962					
Sept. 1, 1962					
March 1, 1963	\$ 9,000				
Sept. 1, 1963					
March 1, 1964	9,000				
Sept. 1, 1964					
March 1, 1965	9,000				
Sept. 1, 1965					
March 1, 1966	9,000				
Sept. 1, 1966					
March 1, 1967	10,000				
Sept. 1, 1967					
March 1, 1968	10,000				
Sept. 1, 1968					
March 1, 1969	10,000				
Sept. 1, 1969					
March 1, 1970	10,000				
Sept. 1, 1970					
March 1, 1971	11,000				
Sept. 1, 1971					
March 1, 1972	11,000				
Sept. 1, 1972					
March 1, 1973	11,000				
Sept. 1, 1973					
March 1, 1974	12,000				
Sept. 1, 1974					
March 1, 1975	12,000				
Sept. 1, 1975					
March 1, 1976	12,000				
Sept. 1, 1976					
March 1, 1977	13,000				
Sept. 1, 1977					
March 1, 1978	13,000				
Sept. 1, 1978					
March 1, 1979	14,000				
Sept. 1, 1979					
March 1, 1980	14,000				
Sept. 1, 1980					

<u>Due Date</u>	<u>Principal Payment</u>	<u>Principal Balance Due</u>	<u>Interest Payment (3-1/8%)</u>	<u>Date Paid</u>	<u>Name of Paying Agent Authorized Official and Title</u>
March 1, 1981	\$15,000				
Sept. 1, 1981					
March 1, 1982	15,000				
Sept. 1, 1982					
March 1, 1983	16,000				
Sept. 1, 1983					
March 1, 1984	16,000				
Sept. 1, 1984					
March 1, 1985	17,000				
Sept. 1, 1985					
March 1, 1986	17,000				
Sept. 1, 1986					
March 1, 1987	18,000				
Sept. 1, 1987					
March 1, 1988	18,000				
Sept. 1, 1988					
March 1, 1989	19,000				
Sept. 1, 1989					
March 1, 1990	19,000				
Sept. 1, 1990					
March 1, 1991	20,000				
Sept. 1, 1991					
March 1, 1992	20,000				
Sept. 1, 1992					
March 1, 1993	21,000				
Sept. 1, 1993					
March 1, 1994	22,000				
Sept. 1, 1994					
March 1, 1995	23,000				
Sept. 1, 1995					
March 1, 1996	23,000				
Sept. 1, 1996					
March 1, 1997	24,000				
Sept. 1, 1997					
March 1, 1998	25,000				
Sept. 1, 1998					
March 1, 1999	26,000				
Sept. 1, 1999					
March 1, 2000	27,000				

(Leave one-half inch space between each due date, etc. for manual interlining, if necessary; also half a page at end for any explanation which might be required)

WHEREAS, all things necessary to make the said Bonds, when authenticated by the Trustee and issued, as in this Indenture provided, valid, binding and legal general obligations of the Borrower, and to constitute this Indenture a valid and binding agreement securing the payment of the principal of and interest on all bonds issued hereunder, have been done and performed, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of said Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, THIS INDENTURE WITNESSETH:

THAT SOUTHWESTERN AT MEMPHIS, in the City of Memphis, Shelby County, Tennessee, party of the first part, in consideration of the premises and of the acceptance by the Trustee of the trusts hereby created, and of the purchase and acceptance of the Bonds of the holders and registered owners thereof, and of the sum of One Dollar (\$1.00) lawful money of the United States of America to it duly paid by the Trustee, at or before the execution and delivery of these presents, and for other good and valuable considerations the receipt whereof is hereby acknowledged, in order to secure the payment of both the principal of and interest on the Bonds according to their tenor and effect and the performance and observance by the Borrower of all of the covenants expressed or implied herein and in the Bonds, has given, granted, bargained, sold, released, conveyed, aliened, assigned, confirmed, transferred, mortgaged, warranted, pledged and set over, and does by these presents hereby give, grant, bargain, sell, release, convey, alien, assign, confirm, transfer, mortgage, warrant, pledge and set over unto THE FIRST NATIONAL BANK OF MEMPHIS, in the City of Memphis, Shelby County, Tennessee, party of the second part, as Trustee, and to its successor or successors in trust hereby created, and to them and their assigns forever:

I.

The following described real estate and premises situated in the City of Memphis, in the County of Shelby and State of Tennessee, on which tracts of land the Project is to be located, with all buildings, additions and improvements now or hereafter located thereon or therein, with the tenements, hereditaments, appurtenances, rights, privileges and immunities thereunto belonging or appertaining, and warrants the title to same, to wit:

Tract A: Beginning at a point in the east line of University Street 519 feet northwardly from the north line of North Parkway; thence eastwardly at right angles

to University Street 79 feet to a stake for the point of beginning; thence eastwardly at right angles to University Street 139 feet to a stake; thence northwardly parallel to University Street 202 feet to a stake; thence westwardly at right angles to University Street 139 feet to a stake; thence southwardly parallel to University Street 202 feet to the point of beginning.

Tract B: Beginning at a point in the north line of North Parkway 1171.5 feet eastwardly from the east line of University Street; thence northwardly at right angles to North Parkway 616 feet to a stake for the point of beginning; thence northwardly at right angles to North Parkway 167 feet to a stake; thence eastwardly parallel to North Parkway 79 feet to a stake; thence southwardly at right angles to North Parkway 167 feet to a stake; thence westwardly parallel with North Parkway 79 feet to the point of beginning.

Said Tract A and Tract B being parts of the property conveyed to Southwestern (now, by change of name, Southwestern at Memphis) by Southwestern Building Board by warranty deed dated July 11, 1924, and recorded in Record Book 947, page 489, Register's Office for Shelby County, Tennessee.

Together in each case with a nonexclusive easement and right of ingress and egress over the adjoining property of the Borrower over and along all driveways and walkways now existing or hereafter constructed.

II.

A first lien on and pledge of the net revenues derived from the operation of the Project facilities.

III.

Any and all other property of every name and nature from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Borrower or by anyone in its behalf or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all holders of the Bonds and interest coupons issued or to be issued under and secured by this Indenture, without preference priority or distinction as to lien or otherwise of any of the Bonds or coupons over any of the others;

PROVIDED, HOWEVER, that if the Borrower, its successors or assigns, shall well and truly pay or cause to be paid the principal of the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds and the interest coupons appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall make the payments into the Bond and Interest Sinking Fund as required under Article V of Part One, or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof; then upon such final payment this Indenture and the rights hereby granted shall cease, determine and be void; otherwise, this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said property hereby mortgaged or pledged is to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Borrower has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders and registered owners, from time to time, of the said Bonds or coupons or any part thereof, as follows, that is to say:

TRUST INDENTURE

ARTICLE I.

DEFINITION OF SPECIAL TERMS

Unless the context otherwise requires, the terms defined

in this Article shall, for all purposes of this Indenture and of any indenture supplemental hereto, have the meanings herein specified; the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Section 1. Borrower, Board, Government, Loan Agreement, Trust Estate: The term "Borrower" shall mean Southwestern at Memphis, a corporation organized and existing under the laws of Tennessee, and having its office and post office address at 2000 North Parkway, Memphis 12, Tennessee.

The term "Board" shall mean the Board of Directors of the Borrower.

The term "Government" shall mean the United States of America.

The term "Loan Agreement" shall mean the Loan Agreement, dated as of March 1, 1960, entered into by the Borrower and the United States of America.

The term "trust estate" shall mean the properties described in the Granting Clauses hereof.

Section 2. Fiscal Year, Project Facilities: The term "Fiscal Year" refers to the Borrower's fiscal year and shall mean the period commencing July 1 of each year and ending June 30 of each succeeding year.

The term "Project" refers to facilities to be provided in part with the proceeds to be derived from the sale of the Bonds, consisting of a dormitory to house approximately sixty-six (66) women students, and a dormitory, with a prayer room, to house approximately one hundred five (105) men students, each with appurtenant facilities and with a passage connecting it to an existing building.

ARTICLE II.

FORM, EXECUTION AND REGISTRATION OF BONDS

Section 1. Form of Bonds. The Bonds, other than fully registered Bonds, shall be in coupon form, in the denomination of \$1,000 each, numbered from 1 upwards; shall be designated "Dormitory Bonds of 1960", dated as of March 1, 1960, and shall bear interest at a rate or rates not exceeding three and one-eighth per centum (3-1/8%) per annum until payment of the principal amount, the exact

rate to be determined by bidding, payable semiannually on March 1 and September 1 each year commencing September 1, 1960, but until maturity of said Bonds, only upon presentation and surrender of the respective coupons for such interest. Both the principal of and interest on the Bonds shall be payable at the office of the Trustee, or, at the option of the holder thereof, at Chase Manhattan Bank, in the Borough of Manhattan, City and State of New York, in such coin or currency of the United States of America as may be on the respective dates of payment thereof, legal tender for the payment of debts due the United States of America. The Bonds to be issued and secured under this Indenture shall be in the aggregate principal amount of Six Hundred Thousand Dollars (\$600,000), and shall mature serially on March 1 in each of the years and in the amounts as follows:

<u>YEAR</u>	<u>AMOUNT</u>	<u>YEAR</u>	<u>AMOUNT</u>
1963	\$ 9,000	1982	\$15,000
1964	9,000	1983	16,000
1965	9,000	1984	16,000
1966	9,000	1985	17,000
1967	10,000	1986	17,000
1968	10,000	1987	18,000
1969	10,000	1988	18,000
1970	10,000	1989	19,000
1971	11,000	1990	19,000
1972	11,000	1991	20,000
1973	11,000	1992	20,000
1974	12,000	1993	21,000
1975	12,000	1994	22,000
1976	12,000	1995	23,000
1977	13,000	1996	23,000
1978	13,000	1997	24,000
1979	14,000	1998	25,000
1980	14,000	1999	26,000
1981	15,000	2000	27,000

Section 2. Execution of Bonds: The officers of the Borrower specifically designated to execute the Bonds and coupons, as required in Section 2.02 of Part Two of the Trust Indenture, are as follows:

- (a) The Bonds shall be signed by the President of the Borrower and by the Treasurer of its Board of Directors.
- (b) The seal of the Bonds shall be attested by the Secretary of the Board.

- (c) The coupons attached to the Bonds shall be executed by the Treasurer of the Board.

Section 3. Authentication of Bonds: The Trustee shall not authenticate and deliver the initial Bonds to be issued and delivered pursuant to the Indenture unless theretofore or simultaneously therewith there shall have been delivered to the Trustee the following:

- (a) A copy of a resolution of the Borrower, certified by the Secretary of the Board, authorizing the issuance of the Bonds and the execution and delivery of the Indenture;
- (b) The written order of the Borrower, directing the authentication of the Bonds described therein, and the delivery thereof to or upon the order of the purchaser or purchasers upon payment of the purchase price set forth therein or to the President for delivery to the purchaser or purchasers thereof;
- (c) The approving opinion of WALLER, DAVIS & LANSDEN, Bond Counsel for the Borrower, concerning the validity and legality of all the Bonds proposed to be issued, which opinion shall cover generally all of the Bonds and shall be specific, final and unqualified as to the Bonds then being delivered.

Orders for authentication of Bonds, as referred to in subparagraph (b) above and in Section 2.09(d) of Part Two of the Trust Indenture, shall be signed by the President of the Borrower.

Section 4. Registration of Bonds: The Bonds may be registered in the manner prescribed in Section 2.05 of Part Two of the Indenture.

ARTICLE III.

REDEMPTION OF BONDS

Section 1. Redemption of Bonds: The coupon Bonds, and the respective installments of principal corresponding thereto in the case of a fully registered Bond, shall be subject to redemption or prepayment prior to maturity at the option of the Borrower, as follows:

Bonds numbered 1 through 76 inclusive, maturing March 1, 1963 through March 1, 1970 inclusive, are noncallable, except when redeemed through the application of the proceeds of insurance as pro-

vided in Section 6.14 of Part Two of the Indenture. Bonds numbered 77 through 475 inclusive, maturing March 1, 1971 through March 1, 1995 inclusive, may be called at the option of the Borrower prior to the stated maturities thereof, in whole or in part and in inverse numerical order on any interest payment date after March 1, 1970 upon at least thirty days' prior notice, at the principal amount thereof, plus accrued interest to the date of redemption and a premium for each bond as follows:

3%	if redeemed	September 1, 1970	through	March 1, 1975	inclusive
2½%	"	"	September 1, 1975	"	March 1, 1980
2%	"	"	September 1, 1980	"	March 1, 1985
1½%	"	"	September 1, 1985	"	March 1, 1990
1%	"	"	after March 1, 1990		

Bonds numbered 476 through 600 inclusive, maturing March 1, 1996 through March 1, 2000 inclusive, are callable at the option of the Borrower in whole or in part and in inverse numerical order on any interest payment date during the entire life of the loan, upon at least thirty days' prior notice, at par plus accrued interest to the date of redemption.

Notice of any such redemption shall be published in a financial journal printed in the English language in the City of New York, New York, at least once, not more than sixty days nor less than thirty days before the date fixed for such payment, and thirty days' notice in writing shall be given to the Bank of Payment before the date so fixed for such redemption; provided that said published notice of redemption need not be given in the event that all of the Bonds to be so redeemed are held by a single owner, and notice in writing by certified or registered mail, is given to such owner not more than sixty days nor less than thirty days before the date so fixed for redemption. Prior to the date fixed for redemption, funds shall be deposited in the Bank of Payment sufficient to pay the Bonds called and accrued interest thereon, plus any premium required. Upon the happening of the above conditions said Bonds thus called shall not bear interest after the call date, and, except for the purpose of payment, shall no longer be protected by the Indenture. If any of the Bonds called for redemption is registered as to principal, notice shall be mailed to the registered owner, of each such Bond by certified or registered mail, addressed to him at his registered address, not earlier than sixty days nor later than thirty days prior to the date fixed for redemption. If no Bonds payable to bearer are to be redeemed, published notice of such redemption need not be given.

Priority as to call shall extend to Bonds numbered 476 through 600 inclusive over Bonds numbered 77 through 475 inclusive.

Section 2. Written Notice to Trustee: The written notice to the Trustee regarding redemption of Bonds, referred to in Section 3.02 of Part Two of the Trust Indenture, shall be signed by the President or Vice President of the Borrower.

ARTICLE IV.

BOND PROCEEDS AND CONSTRUCTION ACCOUNT

Section 1. Construction Account Operations: The designated depository for the Construction Account, referred to in Section 4.01 of Part Two of the Trust Indenture, shall be THE FIRST NATIONAL BANK OF MEMPHIS. Checks drawn against the Construction Account for the purpose of paying Project costs, as defined in Section 4.02 of said Part Two, or for reimbursements permitted by Section 4.03 of said Part Two, shall be signed by the President of the Borrower and the Treasurer of the Board.

ARTICLE V.

DISPOSITION OF PLEDGE REVENUES

Section 1. Revenue Fund Account. There shall be established and maintained, so long as any of the Bonds are outstanding, in a bank which is a member of the Federal Deposit Insurance Corporation, a special account to be known as the Dormitory Revenue Fund Account of 1960 (the "Revenue Fund Account") and held in the custody of the Treasurer of the Board separate and apart from all other funds. The Borrower covenants and agrees to deposit to the credit of the Revenue Fund Account the following sums:

(a) As soon as any portion of the project becomes revenue producing, all rentals, charges, income and revenues arising from the operation and ownership of the Project.

(b) Commencing on March 1, 1962, all revenues received from The Bellingrath-Morse Foundation pursuant to the terms of the Bellingrath-Morse Trust (the Indenture of Trust, dated February 1, 1950, from Walter D. Bellingrath, as Donor, to The First National Bank of Mobile, as Corporate Trustee, and the individual Trustees named therein creating The Bellingrath-Morse Foundation); provided, however, that the Borrower shall not be obligated to deposit more than the sum of \$25,000 to the credit of the Revenue Fund Account

from such source in any one year.

Section 2. The Bond and Interest Sinking Fund Account.

There shall be established and maintained, so long as any of the Bonds are outstanding, with the Trustee a separate account or accounts to be known as the Dormitory Bond and Interest Sinking Fund Account of 1960 (the "Sinking Fund Account") into which shall be deposited (a) all accrued interest received from the sale of the Bonds, (b) such funds as may be made available from sources other than the proceeds of the sale of the Bonds for the payment of interest on the Bonds until such time as the Project becomes revenue producing, and (c) funds from the Revenue Fund Account as set forth in Section 3. of this Article V.

Section 3. Disposition of Funds in the Revenue Fund Account. The funds in the Revenue Fund Account shall be paid only as follows and in the following order of priority:

(a) Current Expenses of the Project shall be payable as a first charge from the Revenue Fund Account as the same become due and payable. "Current Expenses" shall include all (i) necessary operating expenses, (ii) current maintenance charges, (iii) expenses of reasonable upkeep and repairs, (iv) a properly allocated share of charges for insurance and (v) other expenses incident to the operation of the Project, but shall exclude (i) depreciation, (ii) general administrative expenses of the Borrower and (iii) the payment into the Building Maintenance and Equipment Reserve provided for in subsection (c) hereof.

(b) After providing for the payment of Current Expenses, the Borrower shall transfer from the Revenue Fund Account and from its general funds, if necessary, and deposit to the credit of the Sinking Fund Account on or before each February 15 and August 15 the sum of at least \$19,000 until the funds and/or investments therein are sufficient to pay the interest due on the next interest payment date on all outstanding Bonds and one half of the principal payments due on the Bonds within the succeeding twelve months, plus a Debt Service Reserve in the sum of \$55,000 and, thereafter, on or before each February 15 and August 15, such sums from said sources as may be necessary to pay the interest due on the next interest payment date on the Bonds and one half of the principal due on the Bonds within the succeeding twelve months and maintain the Debt Service Reserve in the sum of \$55,000.

(c) As soon as the required Debt Service Reserve is

accumulated in the Sinking Fund Account, the Borrower shall establish with the Trustee a separate account called the "Building Maintenance and Equipment Reserve Account" into which shall be transferred from the Revenue Fund Account at least \$8,000 during each fiscal year until the funds and/or investments therein shall aggregate \$50,000 and thereafter such sums annually, but not more than \$8,000 per year, as may be required to restore and maintain a balance of \$50,000 in such account. Funds in the Building Maintenance and Equipment Reserve Account may be withdrawn and used by the Borrower for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements and the renovating or replacement of equipment not paid as part of the ordinary normal expense of the Project operation. However, in the event that the funds and/or investments in the Sinking Fund Account should be reduced below the amount required to pay the interest on the Bonds due on the next succeeding interest payment date and one half of the principal due thereon within the succeeding twelve months and to maintain the Debt Service Reserve in the amount of \$55,000, funds on deposit in the Building Maintenance and Equipment Reserve Account shall be transferred to the Sinking Fund Account to the extent required to eliminate the deficiency in that account.

(d) The Borrower may use the balance of the funds in the Revenue Fund Account at the close of each fiscal year after making the deposits required by subsections (b) and (c) above (i) to redeem outstanding Bonds on the next interest payment date in inverse order of maturity in accordance with the provisions of Article III of Part Two of this Indenture, (ii) for any expenditures, including the payment of debt service, in improving or restoring any existing housing and dining facilities or (iii) for any other lawful purpose.

Section 4. Valuation of Accounts. In the event that any of the funds in the Sinking Fund Account or the Building Maintenance and Equipment Reserve Account are invested as allowed by Article V of Part Two of this Indenture, such investments shall be valued for the purposes of determining the sufficiency of such accounts at the market value thereof on the preceding June 30th or December 31st.

ARTICLE VI.

SPECIAL COVENANTS

Section 1. Written Requisitions. The Written Requisition,

referred to in Section 6.14 of Part Two of the Trust Indenture, shall be executed by the President of the Borrower and the Treasurer of the Board.

Section 2. Compliance with Bellingrath-Morse Trust. The Borrower covenants and agrees that so long as any of the Bonds remain outstanding, it will comply with all of the terms and conditions of The Bellingrath-Morse Trust and in particular with the provisions of Section 4 (II) thereof so as to remain qualified at all times to receive the benefits provided for it therein. The Borrower further covenants and agrees that so long as any of the Bonds remain outstanding it will not enter into or become a party to any contract, indenture or other agreement which would prevent, or the terms of which would be violated by, the payment into the Revenue Fund Account of the sums received by the Borrower from The Bellingrath-Morse Foundation pursuant to the terms of Section 1(b) of Article V hereof.

ARTICLE VII

CHANGES APPLICABLE TO PART TWO

Section 1. Change in Definition of "Certified Resolution" Contained in Section 1.03 of Part Two. Section 1.03 of Part Two of this Indenture be and the same is hereby amended by striking the words "Board of Trustees" from the first paragraph thereof wherever such words shall appear and substituting in lieu thereof the words "Board of Directors."

Section 2. Amplification of Provisions of Section 2.09(d) of Part Two. Section 2.09(d) of Part Two of this Indenture be and the same is hereby amended by striking the period at the end thereof and adding the following words: "or to the President of the Borrower for delivery to the registered holder thereof."

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TRUST INDENTURE

PART TWO

ARTICLE I

DEFINITION OF CERTAIN TERMS

Unless the context otherwise requires, the terms defined in this Article I shall, for all purposes of this Indenture, and of any indenture supplemental hereto, have the meanings herein specified; the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Section 1.01. Indenture and Articles: The term "Indenture" shall mean this Indenture, consisting of Part One and Part Two, as originally executed or as it from time to time may be supplemented, modified or amended by any supplemental indenture entered into pursuant to the provisions hereof.

The term "supplemental indenture" or "indenture supplemental hereto" shall mean any indenture hereafter duly authorized and entered into between the Borrower and the Trustee in accordance with the provisions of this Indenture.

All references herein to "Articles", "Sections" and other subdivisions are to be corresponding Articles, Sections or subdivisions of this Indenture; and the words "herein", "hereof", "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

Section 1.02. Outstanding, Holder, Person: The term "outstanding", when used as of any particular time with reference to Bonds, shall (subject to the provisions of Section 9.03 pertaining to Bonds held by the Borrower) mean

all Bonds theretofore authenticated and delivered by the Trustee under this Indenture except--

(a) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds for the payment or redemption of which funds in the necessary amount shall have theretofore deposited with the Trustee (whether upon or prior to the maturity or the redemption date of such Bonds), provided, that if such Bonds are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given pursuant to Article III, hereof, or provision satisfactory to the Trustee shall have been made for the giving of such notice; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to terms of Section 2.08 hereof, pertaining to replacement of Bonds.

The term "holder" whenever employed herein with respect to a Bond which shall be registered as to principal, shall mean the person in whose name such Bond shall be registered, and whenever employed herein with respect to a Bond which shall not be registered as to principal, or a coupon, shall mean the bearer of such Bond or coupon.

Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or funds in the necessary amount to pay or redeem any Bonds, the amount so to be deposited or held shall be the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which

there shall have been furnished to the Trustee proof satisfactory to it that notice of such redemption on a specified redemption date has been duly given or provision satisfactory to the Trustee shall be made for such notice, the amount so to be deposited or held shall be the principal amount of such Bonds and interest thereon to the redemption date, together with the redemption premium, if any.

The term "person" shall mean an individual, a corporation, a partnership, a trust, an unincorporated organization or a government or any agency or political subdivision thereof.

Section 1.03. Certified Resolution, Opinion of Counsel, Responsible Officers: The term "Certified Resolution" shall mean a copy of a resolution of the Board of Trustees of the Borrower, certified by the Secretary or an Assistant Secretary of said Board of Trustees to have been duly adopted by said Board and to be in full force and effect on the date of such certification.

The term "Opinion of Counsel" shall mean a written opinion of counsel (who may be counsel for the Borrower) appointed by the Borrower and acceptable to the Trustee. If and to the extent required by the provisions of Section 1.05 hereof, each Opinion of Counsel shall include the statements provided for in said Section 1.05.

The term "Responsible Officers" of any trustee hereunder shall mean and include the chairman of the board of directors, the president, every vice president, every assistant vice president, the cashier, every assistant cashier, every corporate trust officer, and every officer and assistant officer of such trustee, other than those specifically above-mentioned, to whom any corporate trust matter is referred because of his knowledge of, and familiarity with, a particular subject.

Section 1.04. Default, Financial Newspaper, Redeem: The term "default" shall mean default by the Borrower in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Indenture, or in the Bonds outstanding hereunder, exclusive of any period of grace required to constitute a default of an "event of default" as hereinafter provided.

The term "financial newspaper or journal" includes The Daily Bond Buyer, or any other newspaper or journal devoted to financial news published in the English language in New York, New York.

The terms "redeem" or "redemption" shall mean with respect to a fully registered bond "prepay" or "prepayment" as the case may be.

Section 1.05. Characteristics of Certificate: Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include: (1) A statement that the person or persons making such certificate or opinion have read such covenant or condition and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (3) a statement that, in the opinion of the signers, they have made or caused to be made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenant or condition has been complied with; and (4) a statement as to whether, in the opinion of the signers, such condition or covenant has been complied with.

Any such certificate made or given by an officer of the Borrower may be based, insofar as it relates to legal matters, upon a certificate or opinion of or representations by counsel, unless such officer knows that the certificate or

opinion or representations with respect to the matters upon which his certificate or opinion may be based as aforesaid, are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous. Any such certificate or opinion made or given by counsel may be based, insofar as it relates to factual matters, information with respect to which is in the possession of the Borrower, upon the certificate or opinion of or representations by an officer or officers of the Borrower, unless such counsel knows that the certificate or opinion or representations with respect to the matters upon which his opinion may be based as aforesaid, are erroneous, or, in the exercise of reasonable care, should have known that the same were erroneous.

ARTICLE II

FORM, EXECUTION AND REGISTRATION OF BONDS

Section 2.01. Form and Numeration of Bonds: The Bonds, coupons, registration certificates and Certificates of Trustee shall be substantially in the respective forms set forth in the recitals hereof, with the coupons numbered in consecutive numerical order from 1 up, in the order of their respective maturities.

Section 2.02. Execution of Bonds: The Bonds shall be signed in the name of the Borrower, its corporate seal shall be thereunto affixed and attested, respectively, by the officers of the Borrower specifically designated in Article II of Part One of the Indenture. The coupons to be attached to the Bonds shall be executed by the facsimile signature of the officer of the Borrower so designated in Article II of Part One of the Indenture. In the event that any of the officers shall have signed any of the Bonds or coupons shall cease to be officers of the Borrower before the Bonds or coupons signed or sealed shall have been authenticated or delivered

by the Trustee, or issued by the Borrower, such Bonds or coupons may, nevertheless, be authenticated, delivered, and issued, and upon such authentication, delivery and issue, shall be binding upon the Borrower as though those officers who signed and sealed the same had continued to be such officers of the Borrower, and, also, any Bond or coupon may be signed and sealed on behalf of the Borrower by such person who, at the actual date of execution of such Bond or coupon shall be the proper officer of the Borrower, although at the date of such Bond such person shall not have been such an officer of the Borrower. Upon the execution and delivery of this Indenture the Borrower shall execute and deliver the Bonds to the Trustee for authentication.

Section 2.03. Authentication of Bonds: No bond and no coupons thereunto appertaining shall be valid or obligatory for any purpose or shall be entitled to any right or benefit hereunder unless the Trustee shall duly endorse and execute on such Bond a certificate of authentication substantially in the form of the Certificate of Trustee hereinbefore set forth. Such Certificate of Trustee upon any Bond executed on behalf of the Borrower shall be conclusive evidence that the Bond so authenticated has been duly issued under this Indenture and that the holder thereof is entitled to the benefits of this Indenture. In the case of a fully registered Bond that is delivered for purchase more than six months after the date thereof, the Trustee shall make an appropriate notation on the Payment Record prior to the delivery thereof that no interest was charged on collateral with respect to any expired six months' interest.

Before authenticating any coupon Bonds the Trustee shall detach and cancel all matured coupons, if any, thereto appertaining. No Bonds shall be authenticated by the Trustee except in accordance with this Section and Section 2.08 hereof.

Section 2.04. Negotiability and Transfer of Bonds: All coupon Bonds shall be negotiable and transferable by delivery, unless registered as to principal in the manner hereinafter provided:

All transfers, registrations and discharges from registration of Bonds pursuant to this Section 2.04 or Section 2.05 shall be made under such reasonable regulations as the Trustee may prescribe and shall be without expense to the holder of the Bonds; except that any taxes or other governmental charges required to be paid with respect to the same shall be paid by the Bondholder requesting such transfer, registration or discharge from registration as a condition precedent to the exercise of such privilege.

Section 2.05. Registration of Bonds: As long as any of the Bonds issued hereunder shall remain outstanding, the Borrower shall maintain and keep at the office of the Trustee, an office or agency for the payment of the principal of and interest on the Bonds, as in this Indenture provided, and for the registration and transfer of the Bonds, and shall also keep at said office of the Trustee, books for such registration and transfer. The Borrower does hereby appoint the Trustee, and its successors in the trust from time to time, as its agent to maintain said office and agency at the office of the Trustee. Any coupon Bond may be registered on said books as to principal, upon presentation thereof at said office of the Trustee, and such registration shall be noted on such Bond. After such registration no transfer thereof shall be valid unless made on said books at the request of the registered holder or his duly authorized agent in writing and similarly noted on such Bond, but such coupon Bond may be discharged from registration by being in like manner registered to bearer and thereupon transferability by delivery shall be restored, and such Bond may again, and from time to time, be registered or be transferred to bearer as before. Registration of any coupon Bond shall not affect the

negotiability of the coupons appertaining to such Bond but every such coupon shall continue to pass by delivery merely and shall remain payable to bearer, and payment thereof to bearer shall fully discharge the Borrower and the Trustee in respect of the interest therein mentioned, whether or not the Bond therein mentioned be at the time registered as to principal.

Section 2.06. Ownership of Bonds: As to any registered Bond, the Borrower and the Trustee, and their respective successors, each in its discretion, may deem and treat the person in whose name the same for the time being shall be registered as the absolute owner thereof for all purposes, except for the purpose of receiving payment of the coupons, if any, appertaining thereto, and neither the Borrower nor their respective successors, shall be affected by any notice to the contrary. Payment of, or on account of, the principal of any such Bond shall be made only to or upon the order of the registered holder thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid. The Borrower, the Trustee and any paying agent may deem and treat the bearer of any coupon Bond which shall not at the time be registered as to principal, whether or not such Bond shall be overdue, and the bearer of any coupon, whether or not the Bond to which such coupon shall appertain shall at the time be registered as to principal and whether or not such coupon shall be overdue, as the absolute owner of such Bond or coupon for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Borrower, the Trustee and any paying agent shall not be affected by any notice to the contrary.

Section 2.07. Valid Obligations: All Bonds executed, authenticated and delivered as in this Indenture provided shall be the valid general obligations of the Borrower and shall be entitled to all of the benefits of this Indenture.

Section 2.08. Reissuance of Mutilated, Destroyed, Stolen or Lost Bonds: In case any outstanding Bond shall become mutilated or be destroyed, stolen or lost, the Trustee shall authenticate and deliver a new Bond (with appropriate coupons attached in the case of a coupon Bond) of like tenor, number and amount as the Bond and appurtenant coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender of such mutilated Bond and appurtenant coupons, if any, or in lieu of and substitution for the Bond and appurtenant coupons, if any, destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Borrower and the Trustee that such Bond and appurtenant coupons, if any, have been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Borrower and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Borrower and the Trustee may prescribe and paying such expenses as the Borrower and Trustee may incur in connection therewith.

Section 2.09. Issuance of a Fully Registered Bond.

(a) In the event that the Government is awarded all or part of the Bonds authorized by this Indenture pursuant to the provisions of the Loan Agreement between the Government and the Borrower (herein referred to as the "Loan Agreement"), the Borrower, upon request, shall execute and the Trustee shall authenticate and delivery to the Government a single fully registered Bond without coupons, registered in the name of "The United States of America, Housing and Home Finance Administrator, or his successor (herein sometimes called the "Payee") or his registered assigns (herein sometimes called the "Alternate Payee")" in the form of the fully registered Bond hereinbefore set forth, and calling for the same payments of interest and principal as the Bonds awarded to the Government.

(b) In the event that all or any part of the Bonds authorized by this Indenture shall be awarded to any purchaser or purchasers other than the Government, the Borrower, upon request, shall execute and the Trustee shall authenticate and deliver to each such purchaser a fully registered Bond without coupons in the form of the fully registered Bond hereinbefore set forth, registered in the name of such purchaser or purchasers, and calling for the same payments of interest and principal as the Bonds awarded to such purchaser or purchasers.

(c) Such fully registered Bonds shall be numbered from R-1 consecutively upward and shall be subject to redemption as a whole or in part, and if in part in the inverse order of the maturity dates of the principal installments of such fully registered Bonds, all as provided more fully in Article III of Part Two of the Indenture and payment of the redemption price for Bonds or portions of Bonds so redeemed shall be made by the Borrower in the manner provided in said Article. Payments of principal and interest, whether upon redemption or otherwise, made in respect of any of such fully registered Bonds, may be made to the registered holders thereof or to their designated agent, without presentation or surrender of such Bonds, and all such payments shall fully discharge the obligations of the Borrower in respect of such Bonds to the extent of the payments so made. During the time the Payee is the registered owner of such fully registered Bond, payments shall be made at the Federal Reserve Bank of Richmond, Richmond, Virginia, or at such other fiscal agent as the Payee shall designate, and such payments shall be noted on the Payment Record made a part of the Bond, and written notice of the making of such notation shall be promptly sent to the Borrower at the office of the Trustee. When the Alternate Payee is the registered owner payments shall be made as directed by the Alternate Payee.

(d) An order for authentication of Bonds, signed in the name of the Borrower by its designated officer or officers, shall

be delivered to the Trustee, specifying the aggregate principal amount of each fully registered Bond to be issued, the maturity dates of the principal installments thereof, the serial number thereof, and the name of the purchaser in whose name such Bond shall be registered by the Trustee, the amount of the purchase price of such Bond and the amount of such purchase price representing accrued interest, and requesting the Trustee to authenticate and deliver such Bond, upon its execution by the Borrower to the registered holder.

(e) The Borrower covenants and agrees that, within ninety days after the receipt by the Borrower of the written request of the registered owner of any such fully registered Bond, the Borrower will at its own expense prepare and execute bearer coupon Bonds of the denomination of \$1,000, or any multiple or multiples thereof as the holder may determine, in the form herein-before set forth, of type composition printed on paper of customary weight and strength, in an aggregate principal amount equal to the unpaid principal amount of such registered Bond, and having maturities corresponding to the principal installments of such registered Bond then unpaid, with coupons annexed thereto maturing after the date to which interest on such fully registered Bonds shall have been fully paid; and the Borrower will cause such coupon Bonds to be authenticated by the Trustee and delivered to the registered owner of such fully registered Bond upon the surrender and cancellation of such fully registered Bond. The Borrower shall, at the time of any such written request for exchange of a fully registered Bond for coupon Bonds, deliver to the Trustee a certificate certifying the principal amount then unpaid on any such fully registered Bond and the date to which interest on such fully registered Bond shall have been fully paid. Any fully registered Bond so surrendered shall be cancelled by the Trustee and delivered to the Borrower. The Trustee shall be fully protected in relying on any such certificate or order delivered to it under the provisions of subsections (d) or (e) of this Section.

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Bonds held by Government: Any of the Bonds, so long as they shall be owned by the Government, may be redeemed or prepaid at the option of the Borrower on any interest payment date prior to their respective maturities, either in whole or in part, and if in part in the inverse order of the numbers of the Bonds in the case of coupon Bonds, and in the inverse order of the maturity dates of said principal installments in the case of fully registered Bonds, upon payment of the principal amount of the Bonds or of the principal installments thereof to be redeemed, without premium, plus accrued interest on such principal amount to the date fixed for redemption.

Section 3.02. Written Notice to Trustee: Written notice of the election of the Borrower to redeem Bonds pursuant to this Article III shall be delivered by the Borrower to the Trustee not less than forty-five days prior to the date to be fixed for redemption. Such notice shall be signed by one of the officials of the Borrower designated in Article II, Section 2, of Part I of the Indenture, and shall be accompanied by a Certified Resolution calling for redemption of the Bonds referred to in such notice. Such notice shall state the amount of premium, if any, to be paid on redemption of each Bond to be redeemed and, if less than all of the outstanding Bonds are to be redeemed, shall specify the serial numbers or principal installments of the Bonds to be redeemed.

Section 3.03. Publication of Notice: Notice of intention to redeem (including, when only a portion of the Bonds is to be redeemed, the numbers of such Bonds, or principal installments thereof) shall be given by or on behalf of the Borrower by publication at least once not less than thirty nor more than sixty days before the redemption date in a financial journal

printed in the English language in the City of New York, New York; and a similar notice shall also be mailed by or on behalf of the Borrower not less than thirty nor more than sixty days before the redemption date by certified or registered mail, to the registered owners of any Bonds registered as to principal which are to be redeemed, at their last addresses appearing upon the registry books of the Borrower, but if notice of redemption be duly published such mailing shall not be a condition precedent to such redemption, and failure so to mail such notice shall not affect the validity of the proceedings for the redemption of such Bonds. In the event that all of the Bonds being redeemed shall be fully registered Bonds or coupon Bonds registered as to principal, such notice of intention to redeem need not be published but shall be deemed to have been sufficiently given if mailed by certified or registered mail to each registered owner of the Bonds at the address of such registered owner as the same shall appear upon the Bond Register maintained by the Trustee. No notice of redemption need be given if the holders of all Bonds called for redemption waive notice thereof in writing and such waiver is filed with the Trustee.

Section 3.04. Deposit for Redemption: At the time of delivery of its written notice to the Trustee of its intention to redeem Bonds, or prepay installments of principal of a fully registered Bond, as provided in Section 3.02, the Borrower shall deposit with the Trustee in cash, or shall make arrangements satisfactory to the Trustee for the deposit on or prior to the redemption date, an aggregate amount which shall be sufficient to pay the redemption price on the Bonds to be redeemed, or such installments of principal, and interest thereon to the redemption date, and shall also deposit, or make arrangements with the Trustee to deposit, with the Trustee a sum sufficient to pay the proper expenses and charges of the Trustee in connection with such redemption. Upon deposit by the Borrower with the Trustee of the

aggregate amount of such redemption price and interest, such moneys shall be set aside by the Trustee and held by it for the account of the respective holders or owners of the Bonds being redeemed.

Section 3.05. Payment of Redeemed Bonds: After notice of redemption shall have been given as provided in Section 3.03, the Bonds specified in such notice, or the installments of principal to be prepaid, shall become due and payable on the redemption date. Payment of the redemption price and interest shall be made to the bearer of such Bonds, unless they shall then be registered, in which case such payment shall be made to or upon order of the registered owner, but in the case of coupon Bonds only upon the surrender of the Bonds together with any unmatured coupons appertaining thereto. Such payment shall not include any installment of interest maturing on or prior to the redemption date represented by a coupon, but such interest installment shall continue to be payable to the bearer of such coupon. If redemption moneys are available for the payment of all of the Bonds called for redemption on the redemption date, the Bonds so called shall cease to draw interest after the redemption date, and any appurtenant coupons maturing subsequent thereto shall be void and such Bonds shall not be deemed to be outstanding hereunder for any purpose, except that the holders thereof, on presentation, as herein provided, shall be entitled to receive payment of the redemption price and interest accrued thereon to the redemption date from the moneys set aside by the Trustee as aforesaid. All unpaid interest installments represented by coupons which shall have matured on or prior to the redemption date shall continue to be payable to the respective bearers thereof and such coupons shall be presented for payment in the usual manner and the notice of redemption herein provided for may so state.

Section 3.06. Cancellation of Redeemed Bonds: All Bonds redeemed in full under the provisions of this Article,

together with all coupons, if any, appertaining thereto, shall forthwith be cancelled and destroyed by the Trustee and a certificate of destruction furnished to the Borrower and no Bonds shall be executed or authenticated or issued hereunder in exchange or substitution therefor, or for or in respect of any portion of a fully registered single Bond which is redeemed in part.

ARTICLE IV

BOND PROCEEDS AND CONSTRUCTION ACCOUNT

Section 4.01. Establishment of Construction Account:
There shall be established with the designated depository, an account (herein called the "Construction Account"), to the credit of which there shall be deposited the proceeds of the Bonds, exclusive of accrued interest. In addition to such proceeds of the Bonds, the Borrower covenants that it will deposit in said Construction Account the additional funds, if any, which, together with such proceeds of the Bonds, will be sufficient to finance the total development costs of the Project, which funds shall be derived from sources other than proceeds of the Bonds and from sources and in a manner which will not jeopardize the security of the Bonds, which additional funds, if any are required, shall be deposited in the Construction Account by the Borrower on its own initiative, and, in any event, promptly upon the request of the holders of a majority in principal amount of the Bonds; provided, however, that this provision shall not be deemed to obligate the Borrower to deposit any moneys in said Construction Account except funds now legally available therefor or which may hereafter become legally available for such purpose.

The moneys in the Construction Account shall be held in trust by the Borrower and applied to the payment of the cost

of the Project in accordance with and subject to the provisions of this Article, and pending such application shall be subject to a lien and charge in favor of the holders of the Bonds issued and outstanding under this Indenture and shall be held for the further security of such holders until paid out as herein provided.

Section 4.02. Project Costs Defined: For the purposes of this Article, the cost of the Project shall include, without intending thereby to limit or restrict any proper definition of such cost under any applicable laws or sound accounting practice, the following:

(a) Obligations incurred for labor and to contractors, builders and materialmen in connection with the construction of the Project, including obligations for machinery, materials and fixed equipment therefor;

(b) Land, and interests in land, required specifically for the site of the Project;

(c) Interest accruing upon the Bonds during the construction of the Project;

(d) The cost of any indemnity and surety bonds deemed necessary by the Borrower to secure deposits in the Construction Account, the fees and expenses of the Trustee during construction, taxes or other municipal or governmental charges levied or assessed during construction upon the Project or any property acquired therefor, and premiums on insurance, if any, in connection with the Project during construction;

(e) Fees and expenses of engineers and architects for surveys and estimates and other preliminary investigations, preparation of plans, drawings and specifications, and supervising construction, as well as for the per-

formance of all other duties of engineers and architects in relation to the construction of the Project or the issuance of Bonds therefor;

(f) Expenses of administration, supervision and inspection properly chargeable to the Project, legal expenses and fees, financing charges, United States Documentary Stamp taxes, cost of audits and of preparing, offering and issuing the Bonds, abstracts of title, title reports or opinions, and all other items of expenses, not elsewhere in this Section specified, incident to the construction and financing of the Project;

(g) The fixed fee for the payment of the expenses of the Government in supervising and inspecting the work appertaining to the construction of the Project and of auditing the books, records and accounts pertaining thereto; and

(h) Any other obligation or expense heretofore or hereafter incurred by the Borrower in connection with the construction of the Project, except for moveable equipment and furnishings.

Section 4.03. Payments from Construction Account: So long as the Government holds any of the Bonds, payments shall be made by the Borrower from the Construction Account only for such purposes as shall have been previously specified in a signed certificate of purposes filed with and approved by the Housing and Home Finance Administrator, or his authorized representative. A copy of each such certificate of purpose shall be furnished by the Borrower to the Depository. All payments made by the Borrower from the Construction Account shall be presumed by the Depository to be made for the purposes certified in said certificate, and the Depository shall not be required to see to the application of any payments made by the Borrower from the

Construction Account. All certificates approved by the Housing and Home Finance Administrator or his authorized representative for payments from the Construction Account as required in this Article shall be retained in its possession by the Borrower subject at all times to the inspection of the Administrator and his agents and representatives, and any other interested person.

Moneys in the Construction Account with the Depository shall be subject to withdrawal from time to time on the checks of the Borrower, signed by two officers of the Borrower, for the purpose of paying amounts due to contractors or others for the costs of the Project, as defined in Section 4.02 hereof, or for reimbursement to the Borrower for payments theretofore made by the Borrower for such costs of the Project. The Borrower covenants and agrees that it will not use any of the funds in the Construction Account for any other purpose than the payment or reimbursement of the costs of the Project. The said Depository may honor such checks and shall have no duty or obligation to inquire into the purposes for which such withdrawals are being made by the Borrower.

Section 4.04. Deposit and Investment of Excess Moneys: Where the moneys on deposit in the Construction Account exceed the estimated disbursements on account of the Project for the next 90 days (3 months), the Borrower may deposit such excess funds in time deposits in banks that are members of the Federal Deposit Insurance Corporation or may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States Government, which shall mature, or which are subject to redemption by the holder thereof at the option of such holder, not later than three years after the date of such investment.

Section 4.05. Application of Balance in Construction Account: When the Project shall have been completed and

equipped and opened for use and occupancy, as evidenced by a certificate signed by the President of the Borrower, accompanied by an opinion of counsel for the Borrower that there are no uncanceled mechanics', laborers', contractors' or materialmen's liens against the Project or on file in any public office where the same should be filed in order to be valid liens against the Project, and that in the opinion of the signer the time within which such liens can be filed has expired, any balance in the Construction Account, after reserving such amount as the Borrower shall deem necessary for the payment of any remaining amounts due or to become due for the cost of the Project, shall (to the extent that such amount shall be sufficient to redeem or prepay multiples of \$1,000 principal amount of Bonds) be promptly made available for application by the Trustee to the redemption of Bonds or prepayment of portions of fully registered single Bonds then outstanding at not exceeding the principal amount thereof and accrued interest to the date of purchase. Any such balance in an amount less than \$1,000 shall be deposited in the Bond and Interest Sinking Fund Account provided for in Article V of Part One of the Indenture.

ARTICLE V

DISPOSITION OF PLEDGED REVENUES

Section 5.01. Investment of Funds: Moneys on deposit to the credit of the Bond and Interest Sinking Fund Account and/or the Building Maintenance and/or Equipment Reserve Account shall, upon request by the Borrower, be invested by the Trustee or other designated depository, in direct obligations of, or obligations the principal of and the interest on which are guaranteed by, the United States Government. Obligations so purchased shall be deemed at all times to be a part of the respective Account, and the interest accruing thereon and any profit realized from such invest-

ment shall be credited to such Account. The Trustee or designated depository shall sell, at the best price obtainable, any obligations so purchased, whenever it shall be necessary so to do in order to provide moneys to meet any payment from the respective Account. Neither the Trustee or designated depository shall be liable for any loss resulting from any such investment.

ARTICLE VI

PARTICULAR COVENANTS OF THE BORROWER

The Borrower covenants and agrees that;

Section 6.01. Payment of Bonds: It will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture and in each and every Bond executed, authenticated and delivered hereunder; that it will promptly pay on the dates and in the places and manner prescribed in the Bonds, the principal of and interest on every Bond issued hereunder in any coin or currency which, on the respective dates of payment of such principal and interest, is legal tender for the payment of debts due the United States of America, and to that end hereby pledges its full faith and credit; and that it will, prior to the due date of each installment of interest and principal on a fully registered Bond, and prior to the maturity of each coupon Bond and each annexed coupon, as the case may be, at the times and in the manner prescribed herein, deposit or cause to be deposited with the Trustee, the amounts of money specified in Article V of Part One of the Trust Indenture, to the end that the Trustee may cause to be placed in any other bank of payment specified herein and in the Bonds, on time, money required for payment of principal or interest, or both.

Section 6.02. Extensions of Payments of Bonds and Coupons: It shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds, or installments of principal of any fully registered Bond, or the time of payment of any of the coupons or claims for interest by the purchase or refunding of such Bonds, principal installments, coupons or claims for interest or by any other arrangement, and in case the maturity of any of the Bonds, or installments of principal thereof, or the time for payment of any such coupons or claims for interest shall be extended, such Bonds, principal installments, coupons or claims for interest shall not be entitled in case of any default hereunder to the benefit of the Indenture or to any payment out of any assets of the Borrower or the funds (except funds held in trust by the Trustee for the payment of particular Bonds, principal installments, coupons or claims for interest pursuant to the Indenture) held by the Trustee except subject to the prior payment of the principal of all Bonds issued and outstanding hereunder, the maturity of which Bonds or principal installments has not been extended, and of such portion of the accrued interest on the Bonds as shall not be represented by such extended coupons or claims for interest. Nothing in this section shall, however, be deemed to limit the right of the Borrower to fund or refund at one time all of such Bonds, coupons and claims for interest.

Section 6.03. Authority of the Borrower: It is duly authorized under the laws of the State in which it is situated, and its Charter, to create and issue the Bonds and to execute this Indenture and to mortgage and pledge the property conveyed hereunder; that all corporate action on its part for the creation and issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the hands of the holders and owners thereof are and will be valid and enforceable general obligations of the Borrower in accordance with their terms.

Section 6.04. Title and Lien: It lawfully owns and is lawfully possessed of all property (other than after-acquired property) described in the granting clauses hereof, and, in the case of the realty described in granting clause I, has a good and indefeasible estate therein in fee simple, and that there will be constructed thereon the Project facility or facilities herein described; that it warrants and will defend the title thereto and every part thereof to the Trustee, its successors and assigns, for the benefit of the holders and owners of the Bonds, against the claims and demands of all persons whomsoever; it is duly authorized to secure the payment of the Bonds in the manner prescribed herein, and has lawfully exercised such rights; and that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures supplemental hereto and such further acts, deeds, conveyances, mortgages and transfers as the Trustee shall reasonably require for the better assuring, conveying, transferring, mortgaging, pledging, assigning and confirming unto the Trustee all and singular the hereditaments and premises, estates, income and property hereby conveyed, transferred, mortgaged, pledged or assigned or intended so to be.

Section 6.05. Payment of Lawful Charges: It will, from time to time, and before the same become delinquent, pay and discharge all taxes, assessments and governmental charges which shall be lawfully imposed upon it or upon the trust estate, or upon the properties the revenues of which are pledged hereunder, which are at any time subject to the lien of this Indenture, or upon any part thereof or upon the income and profits thereof and which constitutes or if unpaid might by law become a lien or charge thereon prior to the lien hereof; that it will pay all lawful claims for rents, royalties, labor, materials and supplies which if unpaid might by law become a lien or charge upon the trust estate or any part thereof, or upon the properties the revenues of which are pledged hereunder, the lien of which would be prior to or

interfere with the lien hereof, so that the priority of the lien of this Indenture shall be fully preserved, and that it will not create or suffer to be created any mechanic's, laborer's, materialman's or other lien or charge whatsoever upon the trust estate or any part thereof or upon the properties whose revenues are pledged hereunder or upon the income and profits thereof, which might or could be prior to the lien of this Indenture, or do or suffer any matter or thing to be done whereby the lien of this Indenture might or could be impaired, provided, however, that no such tax, assessment or charge, and provided that no such claim which might be used as the basis of a mechanic's, laborer's, materialman's or other lien or charge, shall be required to be paid so long as the validity of the same shall be contested in good faith by the Borrower and security for the payment of the same satisfactory to the Trustee shall be provided.

Section 6.06. To Complete, Equip and Furnish the Project: It will provide from sources other than the proceeds from the sale of the Bonds, and from sources which will not jeopardize the security of the Bonds, the funds required to complete the Project as planned and to provide the furnishings and moveable equipment necessary to the full enjoyment and use and occupancy of the Project.

Section 6.07. To Maintain the Pledged Facilities: It will not do or suffer to be done any act or thing whereby the mortgaged realty comprising the Project and other facilities, the revenues of which are pledged to secure the Bonds, might or could be impaired or further encumbered, and it will at all times maintain, preserve and keep the real and tangible property hereby mortgaged and every part thereof and the properties the revenues of which are pledged hereunder, in good condition, repair and working order, and from time to time make all necessary renewals, repairs, replacements and alterations to that end.

Section 6.08. Not to Sell or Encumber Property: It will not sell, convey or in any manner transfer title to, or lease, any property constituting part of the facilities the revenues of which are pledged to secure the Bonds, except that whenever the Borrower deems it necessary to dispose of any of the furnishings and equipment within such facilities, it may sell or otherwise dispose of such furnishings and equipment when it has made arrangements to replace the same or provide substitute facilities therefor; that it will not create or suffer to be created any mortgage, pledge, lien or charge upon all or any part of the Project facilities or of any other facilities the revenues of which are pledged to secure the Bonds other than the lien of this Indenture.

Section 6.09. To Observe Loan Agreement and Regulations: So long as the Government holds any of the Bonds, it will duly and regularly perform, keep and observe any and all obligations imposed upon it by the Loan Agreement between the Borrower and the Government, relating to the Project and any and all agreements supplemental thereto; it will well and truly keep, observe and perform all valid and lawful obligations or regulations now or hereafter imposed on it by contract, or prescribed by any law of the United States, or of the State in which it is situated, or by any officer, board or commission having jurisdiction or control, as a condition of the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Borrower, including its right to exist and carry on business as a nonprofit corporation, to the end that such contracts, rights and franchises shall be maintained and preserved, and shall not become abandoned, forfeited, or in any manner impaired.

Section 6.10. To Establish Parietal Rules: It shall establish and maintain so long as any of the Bonds are outstanding, such parietal rules, rental rates and charges for the use of the Project facilities and such other facilities the

revenues of which are pledged to the payment of the Bonds as may be necessary to (1) assure maximum occupancy and use of said facilities and (2) provide together with any other funds herein pledged (a) the operating and maintenance expenses of said facilities, (b) the debt service on the Bonds, (c) the required reserve therefor and (d) the Building Maintenance and/or Equipment Reserve where such reserves are required.

Reference is made to resolutions adopted by the Borrower, concurrently with the authorization of this Indenture, establishing initial parietal rules and rates. The Borrower will do all things necessary and reasonable to enforce the provisions of such resolutions, assuming the obligation to amend such resolutions from time to time to render them fully efficient.

Section 6.11. Insurance on completed Project:

(a) Fire and Extended Coverage. Upon acceptance of the Project from the contractor, or at the time of any prior occupancy thereof, it shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on the Project, and upon execution of this Indenture the Borrower shall, if such insurance is not already in force, procure Fire and Extended Coverage Insurance on any other of its buildings, the revenues of which are pledged to the security of the loan hereunder. The foregoing Fire and Extended Coverage Insurance shall be maintained so long as any of the bonds are outstanding and shall be in amounts sufficient to provide for not less than full recovery whenever a loss from perils insured against does not exceed 80 per centum (80%) of the full insurable value of the damaged building. Each such insurance policy shall be acceptable to the Trustee and shall contain a clause making all losses payable to the Trustee as its interest may appear.

(b) Boiler Insurance. Upon acceptance of the Project from the contractor, it shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Boiler Insurance covering any steam boilers servicing the Project, in a minimum amount of \$50,000.

(c) Liability Insurance. Upon execution of this Indenture, it shall, if such insurance is not already in force, procure and maintain, so long as any of the Bonds are outstanding, Public Liability Insurance with limits of not less than \$50,000 for one person and \$100,000 for more than one person involved in one accident to protect the Borrower from claims for bodily injury and/or death which may arise from the Borrower's operations, including any use or occupancy of its grounds, structures and vehicles.

Section 6.12. Use and Occupancy Insurance. Immediately upon occupancy of any portion of the Project and so long thereafter as the funds and investments of the Bond and Interest Sinking Fund Account or Collateral Account are less than the maximum debt service reserve required by the provisions of Article V of Part One of the Trust Indenture, the Borrower shall procure and maintain Use and Occupancy Insurance on each building, the revenues of which are pledged to payment of the Bonds, in an amount sufficient to enable the Borrower to deposit in the Bond and Interest Sinking Fund Account, out of the proceeds of such insurance, an amount equal to the sum that would normally have been available for deposit in such Account from the revenues of the damaged building during the time the damaged building is non-revenue producing as a result of loss of use caused by the perils covered by Fire and Extended Coverage Insurance. Each such insurance policy shall be acceptable to the Trustee and shall contain a loss payable clause making any loss thereunder payable to the Trustee as its interest may appear.

Section 6.13. Concerning the Insurance Policies: All policies insuring property subject to the pledge of revenues hereunder shall contain, if obtainable, the standard mortgage clause customarily used in the State in which the Borrower is situated, and shall be deposited with the Trustee.

In case of any default by the Borrower in fulfilling its covenants with respect to maintaining any of the insurance policies required under Section 6.11 and 6.12 of Part Two hereof, the Trustee may, at its option, effect such insurance in the name of the Borrower or in the name of the Trustee, and all money paid by the Trustee as premiums upon such insurance shall be repaid to it by the Borrower, upon demand, with interest at the rate of five per centum per annum, and, if not so repaid, shall be secured by the lien of this Indenture in priority to the indebtedness evidenced by the Bonds issued hereunder.

Upon the happening of any loss or damage covered by any such policies from one or more of the causes to which reference is made in (a) of said Section 6.11 (except in the case of a loss resulting from damage to or destruction of property which amounts to less than \$10,000), the Borrower shall make due proof of loss containing a power of attorney in favor of the Trustee to endorse all drafts drawn for the payment thereof to the order of the Trustee, and to sign receipts therefor, and shall do all things necessary or desirable to cause the insuring companies to make payment in full directly to the Trustee.

Section 6.14. Repairs and Reconstruction: In the event of any loss or damage to or destruction of the Project, the Borrower will forthwith repair or reconstruct the damaged or destroyed portion thereof to the satisfaction of the Trustee, and will apply the proceeds of the fire and extended coverage insurance policies covering such loss solely for that purpose. If any proceeds received by the Trustee by

reason of any particular loss under the fire and extended coverage insurance policies shall not exceed \$10,000, such proceeds shall be paid over by the Trustee to or upon the order of the Borrower upon its written request and shall be applied to the extent required, solely for the purpose of repairing or reconstructing the damaged or destroyed property as aforesaid. If the proceeds received by the Trustee by reason of any such loss shall exceed \$10,000, such proceeds shall be paid out by the Trustee, from time to time, to or upon the order of the Borrower, but only upon receipt by the Trustee of (1) a written requisition of the Borrower executed by its appropriate officers, specifying the expenditures made or indebtedness incurred in repairing or reconstructing the damaged or destroyed property, and that the proceeds of insurance, together with any other moneys legally available for such purpose, will be sufficient to complete such repairing or reconstructing; and (2) if the holder or holders of not less than fifty-one per centum of the outstanding Bonds shall request, the written approval of said requisition by an engineer or architect named in said request.

In the event the proceeds of the insurance which shall become payable to the Trustee, together with all other moneys legally available for such purpose, are insufficient to complete the repair or reconstruction of the damaged or destroyed property, said proceeds shall be deposited with and held by the Trustee as security for the Bonds and for the ratable benefit of the holders thereof; provided, however, that if the Borrower shall request and the holders of not less than fifty-one per centum of the then outstanding Bonds shall so agree in writing, the Trustee shall permit to be applied to such repair or reconstruction (in the manner hereinabove specified) all securities or moneys in the (1) Building Maintenance and Equipment Reserve Account, and (2) Bond and Interest Sinking Fund Account or Debt Service Collateral Account held by it hereunder.

Any amounts held by the Trustee or by the Borrower and remaining at the completion of, and payment for, such repair or reconstruction, shall be deposited in the Bond and Interest Sinking Fund Account and applied in accordance with the provisions of Article V of Part One of this Indenture.

In the event the Borrower shall not elect to repair or reconstruct the damaged or destroyed property as above provided, it shall forthwith retire all of the outstanding Bonds and apply the insurance proceeds for that purpose. In such event all of the Bonds shall be subject to redemption; such redemption shall be effected pursuant to the provisions of, in the manner, and with the effect provided in Article III of Part One of this Indenture.

Section 6.15. Recording of Indenture: It will cause this Indenture to be filed, registered and recorded as a mortgage of real property, in such manner and at such places as may be required by lawfully to protect the security of the holders of the Bonds and the right title and interest of the Trustee in and to the trust estate or any part thereof, and from time to time will perform or cause to be performed any other act as provided by law, and execute or cause to be executed any and all further instruments that shall reasonably be requested by the Trustee for such protection of title, and will furnish satisfactory evidence of such recording, registering, filing and refiling to the Trustee, and will furnish similar evidence of recording, registering, filing and refiling of every additional instrument which shall be necessary to preserve the lien of this Indenture upon the trust estate until the principal of and interest on the Bonds hereby secured shall have been paid. The Borrower shall pay all recording and registration taxes and fees, together with all expenses incidental to the preparation, execution, acknowledgment, filing, registering and recording of this Indenture and of any instrument of further assurance, and all stamp taxes and other taxes, duties, imposts, assessments and charges imposed upon the Bonds or upon this Indenture.

Section 6.16. Proper Books and Records:

So long as any of the Bonds issued hereunder shall remain outstanding and unpaid, proper books of accounts and records will be kept, in which full, true and correct entries will be made of all dealings and transactions relating to (a) the operation of the Project, other facilities the revenues of which are pledged to secure the Bonds, any fees or endowment fund income that are pledged to secure the Bonds, and (b) the operation of the Borrower. Such books and records shall be open to inspection by the bondholders and their agents and representatives. The Borrower shall:

(1) From time to time furnish to the Trustee such data regarding the income, expense and property of the Borrower as the Trustee shall reasonably request;

(2) On or before ninety days after the end of each fiscal year commencing with the fiscal year during which the Project shall have been completed, furnish to the Trustee, and to any bondholder who shall request the same in writing, detailed reports of audit prepared by and independent public accountant, based on an examination sufficiently complete to comply with generally accepted auditing standards, covering the operation of the Borrower and the Project, other facilities, fees and endowment funds the revenues or income of which are pledged to secure the Bonds, for the fiscal year next preceding, and showing the income and expenses for such period. Such audit and report shall include a statement, in reasonable detail, of income and expense of each facility, the revenues of which are pledged as security for the Bonds, the disposition of any net revenues, and show average occupancy of each dormitory and the schedule of rates for room rental, board and other charges. Such audit shall also include a statement in reasonable detail of the unencumbered assets

in the unrestricted endowment fund when the income therefrom is pledged toward payment of the Bonds, a statement of any pledged fees and statements of the status of each fund or account established under the terms of this Indenture showing the amount and source of the deposits therein, the amount and purpose of the withdrawals therefrom and the balances therein at the beginning and the end of the fiscal year;

(3) Furnish to the Trustee, at the time stated in (2) above, a statement showing the insurance in force as required under the provisions of this Indenture;

(4) Include with each report of audit referred to in (2) above, a written opinion of the auditor that, in making the examination necessary to said opinion, no knowledge of any default by the Borrower in the fulfillment of any of the terms, covenants or provisions of this Indenture was obtained, or if such auditor shall have obtained knowledge of such default, he shall disclose in such statements the default or defaults thus discovered and the nature thereof. The Borrower further covenants and agrees that all books, documents and vouchers relating to its business operations shall at all reasonable times be open to the inspection of any authorized agent of the Trustee.

Section 6.17. Maintain Corporate Existence: That until the Bonds secured hereby and the interest thereon shall have been paid or provision for such payment shall have been made, it will maintain, extend and renew its corporate existence under the laws of the State in which it is incorporated and in which it is situated, and all franchises, rights and privileges to it granted and upon it conferred, and will not do, suffer or permit any act or thing to be done whereby its right to transact its educational functions might or could be terminated or its operations and activities

restricted or whereby payment of the Bonds might or could be hindered or delayed.

Section 6.18. Maintain List of Bondholders: To the extent that such information shall be made known to the Borrower under the terms of this Section, it will keep on file at the office of the Trustee a list of names and addresses of the last known holders of all Bonds outstanding hereunder with the principal amount of Bonds believed to be held by each. Any Bondholder may require his name and address to be added to said list by filing a written request with the Borrower or the Trustee, which request shall include a statement of the principal amount of Bonds held by such Bondholder and the serial numbers of such Bonds. The Trustee shall be under no responsibility with regard to the accuracy of said list. At reasonable times and under reasonable regulations established by Trustee said list may be inspected and copied by a Bondholder or Bondholders owning ten per centum or more in principal amount of Bonds outstanding hereunder or by his or their authorized agent, such ownership and the authority of any such agent to be evidenced to the satisfaction of the Trustee.

Section 6.19. Against Issuance of Bonds: It will not issue or permit to be issued any Bonds hereunder in any manner other than in accordance with the provisions of this Indenture and the agreements in that behalf herein contained, and will not suffer or permit any default to occur under this Indenture, but will faithfully observe and perform all the conditions, covenants and requirements hereof.

Section 6.20. Further Assurances: It will execute, deliver, file and record such further instruments and do such further acts as may be necessary to carry out more effectively the purposes of this Indenture.

ARTICLE VII

REMEDIES ON DEFAULT

Section 7.01. Events of Default: Each of the following events is hereby defined as, and is declared to be and to constitute, an "event of default":

(a) If payment of the principal or any installment of principal of any of the Bonds, when the same shall become due and payable, or within thirty days thereafter, whether at maturity or by proceedings for redemption, by declaration or otherwise, shall not be made; or

(b) If payment of any installment of interest when the same shall become due and payable, or within sixty days thereafter, shall not be made; or

(c) If the Borrower shall discontinue or unreasonably delay or fail to carry on with reasonable dispatch the construction of the Project; or

(d) If the Project shall be destroyed or damaged and shall not be promptly repaired, replaced or reconstructed (whether such failure promptly to repair, replace or reconstruct the same be due to impracticability of such repair, replacement or reconstruction or to lack of funds therefor, or for any other reason); or

(e) If the Borrower shall default in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Indenture, or in any indenture supplemental hereto on the part of the Borrower to be performed, and such default shall have continued for a period of sixty days after written notice, specifying such default and requiring the same to be remedied, shall have been given

to the Borrower by the Trustee, which may give such notice in its discretion and shall give such notice upon written request of the holders of not less than twenty-five per centum in principal amount of the Bonds then outstanding;

(f) If the Borrower (1) admits in writing its inability to pay its debts generally as they become due, (2) files a petition in bankruptcy, (3) makes an assignment for the benefit of its creditors, or (4) consents to or fails to contest the appointment of a receiver or trustee for itself or for the whole or any substantial part of the mortgaged property;

(g) If, (1) the Borrower is adjudged insolvent by a court of competent jurisdiction, (2) on a petition in bankruptcy filed against the Borrower it be adjudged a bankrupt, or (3) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Borrower, a receiver or trustee of the Borrower or of the whole or any part of the mortgaged property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within ninety days from the date of entry thereof;

(h) If the Borrower shall file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any State thereof;

(i) If a court of competent jurisdiction shall enter an order, judgment or decree appointing, without the consent of the Borrower, a receiver of the Borrower, or of the whole or any substantial part of its property, or approving a petition filed against the Borrower

seeking reorganization of the Borrower under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any State thereof, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty days from the date of the entry thereof; or

(j) If, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Borrower or of the whole or any substantial part of its property, and such custody or control shall not be terminated within ninety days from the date of assumption of such custody or control.

Section 7.02. Acceleration of Maturity: Upon the occurrence of an event of default, the Trustee may, and upon written request of the holders of twenty-five per centum in aggregate principal amount of Bonds outstanding hereunder, shall, by notice in writing delivered to the Borrower, declare the principal of all Bonds hereby secured then outstanding and the interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable; subject, however, to the right of the holders of a majority in aggregate principal amount of Bonds then outstanding hereunder, by written notice to the Borrower and to the Trustee, to annul such declaration and destroy its effect at any time before any sale hereunder, if, before any such sale, all covenants with respect to which default shall have been made shall be fully performed or made good, and all arrears of interest upon all Bonds outstanding hereunder and the reasonable expenses and charges of the Trustee, its agents and attorneys, and all other indebtedness secured hereby, except the principal of any Bonds which have not then attained their stated maturity and interest accrued on such Bonds since the last interest payment date, shall be

paid, or the amount thereof shall be paid to the Trustee for the benefit of those entitled thereto.

Section 7.03. Enforcement of Covenants and Conditions:

In case of the breach of any of the covenants or conditions of this Indenture, the Trustee, anything herein contained to the contrary notwithstanding and without any request from any Bondholder, shall be obligated to take such action or actions for the enforcement of its rights and the rights of the Bondholders as due diligence, prudence and care would require and to pursue the same with like diligence, prudence and care. Upon the occurrence of any event of default, the Trustee may, as an alternative procedure, either after entry, or without entry, proceed by suit or suits at law or in equity to enforce payment of the Bonds then outstanding hereunder and to foreclose this Indenture and sell the mortgaged property or any part thereof under the judgment or decree of a court of competent jurisdiction.

If an event of default shall have occurred, and if it shall have been requested so to do by the holders of twenty-five per centum in aggregate principal amount of Bonds outstanding hereunder, and shall have been indemnified as provided in this Indenture, the Trustee shall be obliged to exercise such one or more of the rights and powers conferred upon it by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interests of the bondholders.

Section 7.04. Right of Trustee to Enter Project: If one or more of the events of default shall happen and be continuing, then and in each and every such case the Trustee, either personally or by its agents or attorneys, may, in its discretion, and upon the written request of the holders of not less than twenty-five per centum in principal amount of the Bonds then outstanding, and upon being indemnified

to its satisfaction, forthwith shall enter into and upon and take and hold possession of the trust estate, and may exclude the Borrower and its agents and servants and all other persons or corporations wholly therefrom and may use, manage and control the trust estate and conduct the business of the Borrower with respect thereto in such manner as in its discretion it shall deem to be to the best advantage of the holders of the Bonds.

In aid of the exercise of the power of entry conferred upon the Trustee under the foregoing provisions of this section, the Trustee in its discretion and without notice or demand upon the Borrower, such notice and demand being hereby expressly waived, shall be entitled to the appointment of a receiver by any court of competent jurisdiction and such receiver so appointed shall be entitled to exercise all the powers hereby conferred upon the Trustee under the provisions of this Article VII in the management and operation of the trust estate.

Section 7.05. Operations by Trustee: Upon every such entry the Trustee from time to time, and at the expense of the trust estate, either by purchase, repair or construction may maintain and restore and insure and keep insured the trust estate and make all necessary repairs, renewals, replacements, alterations, additions, betterments and improvements, as it may deem judicious. The trustee, in case of such entry, shall have the right to manage the trust estate and to carry on the business of the Borrower with respect thereto and to exercise all the rights and powers of the Borrower either in the name of the Borrower or otherwise, as the Trustee shall deem best, and shall be entitled to collect, take and receive all fees, earnings, income, rents, issues and profits of the trust estate.

After deducting the expenses of operating the trust estate and of conducting the business thereof, and of all repairs,

maintenance, renewals, replacements, alterations, additions, betterments and improvements, and all payments or reserves that may be made or set up in the Trustee's discretion, for taxes, assessments, insurance and prior or other proper charges upon or in connection with the operation of the trust estate or any part thereof, as well as just and reasonable compensation for its own services and for the services of counsel, agents and employees by it properly engaged and employed, and after making reimbursement to itself for advances made pursuant to the provisions of this Indenture with interest at the rate of five per centum per annum on all such advances, the Trustee shall apply moneys received by it pursuant to this section, as follows:

First: In case the principal of none of the Bonds shall have become due and remain unpaid, to the payment of interest in default in the order of the maturity thereof; such payments to be made ratably and proportionately to the persons entitled thereto without discrimination or preference.

Second: In case the principal of any of the Bonds shall have become due by declaration or otherwise and remain unpaid, first to the payment of interest in default in the order of maturity thereof; and then to the payment of the principal of all Bonds then due and unpaid and the premium thereon, if any; in every instance such payment to be made ratably to the persons entitled thereto without discrimination or preference.

Upon the payment in full of whatever may be due for such principal or interest, or payable for other purposes, the trust estate (except any money required to be held by the Trustee under any other section of this Indenture) shall be returned to the possession of the Borrower, its successors or assigns, or to whosoever may be lawfully entitled thereto.

While in possession of such property the Trustee shall render annually to the Bondholders, at their addresses as set forth on the list required by this Indenture, a summarized statement of income and expenditures in connection therewith.

Section 7.06. Appointment of a Receiver by Trustee: Upon the occurrence of an event of default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Trustee and of the Bondholders under this Indenture, the Trustee shall be entitled, as a matter of right to the appointment of a receiver or receivers of the trust estate, and of the fees, rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointments shall confer, whether or not the trust estate shall be deemed sufficient ultimately to satisfy the Bonds outstanding hereunder.

Section 7.07. Public Auction of Properties: If one or more of the events of default shall happen and be continuing, the Trustee, without entry, personally or by attorney, in its discretion may, and upon the written request of the holders of twenty-five per centum or more in principal amount of the Bonds then outstanding, and upon being indemnified to its satisfaction therefor, shall proceed to sell to the highest and best bidder all and singular the trust estate (except any money then held by the Trustee under any provision of this Indenture) and all rights, title, interest, claim and demand therein and thereto of the Borrower. Such sale shall be made at public auction and at such place or places and at such time or times and upon such notice as the Trustee may be advised by counsel to be consistent with the laws, if any, applicable thereto, and upon such terms as the Trustee may fix. Notice of any sale pursuant to any provision of this Indenture shall state the time and place when and where the same is to be made,

shall contain a brief general description of the property to be sold, shall briefly state the terms of the sale and shall be sufficiently given if published once a week for four successive weeks prior to such sale in a newspaper of general circulation printed in the English language and published in the City or County in which the Borrower is situated. If, in the opinion of counsel for the Trustee, such notice given in such manner is not sufficient to comply with the then applicable requirements of law, notice of sale shall be given in such manner as will, in the opinion of such counsel, be sufficient to comply with such requirements of law.

Section 7.08. Bonds Due and Payable upon Sale: Upon any sale being made under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the principal of all Bonds then secured hereby, if not previously due, shall become due and be immediately due and payable.

Section 7.09. Manner of Sale: Should any such sale be made pursuant to judicial proceedings, such sale shall be made either as an entirety or in such parcels as may be directed by the court, or should such sale be made by the Trustee under the power of sale hereby granted, such sale shall be made either as an entirety or in such parcels as the Trustee in its sole discretion may determine.

The Borrower, for itself and all persons and corporations hereafter claiming through or under it, hereby expressly waives and releases all right to have the properties and rights comprised in the trust estate marshaled upon any foreclosure or other enforcement hereof, and the Trustee or any court in which the foreclosure of this Indenture or administration of the trusts hereby created is sought shall have the right as aforesaid to sell the entire

property of every description comprised in or subject to the trusts created by this Indenture as a whole in a single parcel.

Section 7.10. Adjournment of Sale: The Trustee from time to time may adjourn any such sale to be made by it by announcement at the time and place appointed for such sale or for such adjourned sale or sales, and without further notice or publication it may make such sale at the time to which the same shall be so adjourned, but in the event of such adjournment or adjournments, sale shall be made within six months from the date of sale fixed in the advertisement or Court order, unless notice of sale on some later date shall be given again in the manner provided in Section 7.07.

Section 7.11. Bidding by Trustee or Bondholders: Upon any sale made under judgment or decree in any judicial proceedings for foreclosure or otherwise for the enforcement of this Indenture, the holder or holders of any Bond or Bonds outstanding hereunder, or the Trustee, may bid for and purchase the trust estate or any part thereof and upon compliance with the terms of sale may hold, retain and possess and dispose of such property in his, their or its own absolute right without further accountability, and any purchasers at any such sale may, in paying the purchase money, turn in any of such Bonds and coupons or claims for interest outstanding hereunder in lieu of cash to the amount which shall, upon distribution of the net proceeds of such sale, be payable thereon. Said Bonds and coupons, in case the amount so payable thereon shall be less than the amount due thereon, shall be returned to the holders thereof after being appropriately stamped to show partial payment.

Section 7.12. Delivery of Deed to Purchaser on Sale: Upon the completion of any sale or sales made under or

by virtue of this Indenture, the Trustee shall execute and deliver to the accepted purchaser or purchasers the property sold with good and sufficient transfers, assigning and transferring all its right, title and interest in and to the properties sold. The Trustee and its successor or successors are hereby appointed the true and lawful attorney or attorneys irrevocable of the Borrower in its name and stead or in the name of the Trustee to make all necessary assignments, transfers and deliveries of the property thus sold, and for that purpose the Trustee and its successors may execute all necessary instruments of assignment and transfer, and may substitute one or more persons with like power, the Borrower hereby ratifying and confirming all that said attorney or attorneys or such substitute or substitutes shall lawfully do by virtue hereof. Nevertheless, the Borrower, if so requested in writing by the Trustee, shall ratify and confirm any such sale or sales by executing and delivering to the Trustee or to such purchaser or purchasers all such instruments as may be advisable, in the judgment of the Trustee for the purpose and as may be designated in such request.

Section 7.13. Trustee Receipt--Sufficient Discharge for Purchase Money: Upon any sale made under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, the receipt of the Trustee or of the officer making such sale shall be a sufficient discharge to the purchaser or purchasers at any sale for his or their purchase money, and such purchaser or purchasers, his or their assigns or personal representatives, shall not, after paying such purchase money and receiving such receipt of the Trustee or of such officer therefor, be obliged to see to the application of such purchase money, or be in anywise answerable for any loss, misapplication, or nonapplication thereof.

Section 7.14. No Further Right of Borrower in Property: Any sale made under judgment or decree in any judicial

proceedings for foreclosure or otherwise for the enforcement of this Indenture shall, if and to the extent then permitted by law, operate to divest all right, title, interest, claims and demand whatsoever, either at law or in equity, of the Borrower of, in and to the property so sold, and be a perpetual bar both at law and in equity against the Borrower and against any and all persons, firms or corporations claiming or who may claim the property sold, or any part thereof, from, through or under the Borrower.

Section 7.15. Application of Purchase Money Proceeds:
The proceeds of any sale made under judgment or decree in any judicial proceedings for the foreclosure or otherwise for the enforcement of this Indenture, together with any other amounts of cash which may then be held by the Trustee as part of the trust estate shall be applied as follows:

First: To the payment of all taxes, assessments, governmental charges and liens prior to the lien of this Indenture, if there be any, and any arrears thereof, except those subject to which such sale shall have been made, and all of the costs and expenses of such sale, including reasonable compensation to the Trustee, its agents and attorneys, and of all other sums payable to the Trustee hereunder by reason of any expenses or liabilities incurred or advances made in connection with the management or administration of the trust hereby created;

Second: To the payment in full of the amounts then due, owing and unpaid for principal and interest upon the Bonds then secured hereby, and in case such proceeds shall be insufficient to pay in full the amounts so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest;

Third: Any surplus thereof remaining to the Borrower, its successors or assigns, or to whomsoever may be lawfully entitled to receive the same.

Section 7.16. Waivers by Borrower of Appraisalment, Valuation: In case of any event of default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the Borrower nor anyone claiming through or under it shall or will set up, claim, or seek to take advantage of any appraisalment, valuation, stay, extension or redemption laws now or hereafter in force in any locality where any of the trust estate may be situated, in order to prevent or hinder the enforcement or foreclosure of this Indenture, or the absolute sale of the trust estate, or the final and absolute putting into possession thereof, immediately after such sale, of the purchaser or purchasers thereat, but the Borrower, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisalment and redemption to which it may be entitled under the laws of the State in which it is situated. The Borrower, for itself and all who may claim through or under it, waives any and all right to have the estates comprised in the security intended to be created hereby marshaled upon any foreclosure of the lien hereof, and agrees that any court having jurisdiction to foreclose such lien may sell the mortgaged property as an entirety.

Section 7.17. Action Against the Borrower: The Borrower covenants that if default shall be made in the payment of the principal of any Bond hereby secured when the same shall become payable, whether upon maturity or by declaration, then upon demand of the Trustee, the Borrower will pay to the Trustee, for the benefit of the holders of all Bonds and coupons then secured hereby, the whole amount due and payable on all such Bonds and coupons for principal and interest, and in case the Borrower shall fail

to pay the same forthwith upon such demand, the Trustee, in its own name and as Trustee of an express trust permitted by law so to do, shall be entitled to sue for and to recover judgment for the whole amount so due and unpaid.

The Trustee, to the extent permitted by law, shall be entitled to sue and recover judgment either before or after or during the pendency of any proceedings for the enforcement of the lien of this Indenture upon the trust estate, and in case of a sale of any of the trust estate and of the application of the proceeds of sale to the payment of the debt hereby secured, the Trustee, in its own name and as Trustee of an express trust, shall be entitled to enforce payment of and to receive all amounts then remaining due and unpaid upon any and all Bonds outstanding hereunder, with coupons, if any, pertaining thereto, for the benefit of the holders thereof, and the Trustee shall be entitled to recover judgment for any portion of the debt remaining unpaid, with interest. No recovery of any such judgment by the Trustee and no levy of any execution of any such judgment upon any of the trust estate or upon any other property, shall in any manner or to any extent affect the lien of this Indenture upon the trust estate or any part thereof, or any rights, powers or remedies of the holders of the said Bonds, but such lien, rights, power and remedies of the Trustee and of the Bondholders shall continue unimpaired as before.

In case of any receivership, insolvency, bankruptcy or other similar proceedings affecting the Borrower or its property, the Trustee shall be entitled to file and prove a claim for the entire amount due and payable by the Borrower under this Indenture at the date of the institution of such proceedings and for any additional amount which may become due and payable by the Borrower hereunder after such date, without regard to or deduction for any amount which may have been or which may thereafter be received,

collected or realized by the Trustee from or out of the mortgaged property or any part thereof, or from or out of the proceeds thereof or any part thereof; but shall not be entitled to consent to any composition or plan or reorganization on behalf of any Bondholder unless by him in writing specifically authorized so to do.

Any moneys thus collected or received by the Trustee under this Section shall be applied by it, first, to the payment of its expenses, disbursements and compensation and the expenses, disbursements and compensation of its agents and attorneys, and, second, toward payment of the amounts then due and unpaid upon such Bonds and interest thereon in respect of which such moneys shall have been collected, ratably and without preference or priority of any kind (subject to the provisions of Section 6.02 of Part Two hereof with respect to extended, transferred or pledged principal amounts, coupons and claims for interest), according to the amounts due and payable upon such Bonds and for interest, respectively, at the date fixed by the Trustee for the distribution of such moneys, upon presentation of the several Bonds and coupons and upon stamping such payment thereof, if partly paid, and upon surrender thereof, if fully paid.

Section 7.18. Insolvency Proceedings Affecting Borrower: In the event of any receivership, insolvency, reorganization or bankruptcy proceedings affecting the Borrower or the trust estate, the Trustee, without prejudice to or waiver of the lien and security of this Indenture or of any right conferred hereby, shall be entitled, without being the holder of any Bonds, to file and prove a claim for the entire amount then due and payable by the Borrower under this Indenture without regard to or deduction for the value of the trust estate or the security of this Indenture or for any amount which may thereafter be collected, received or realized by the Trustee from the trust estate or any part

thereof, and the Trustee is hereby appointed the agent and attorney of the holders of all Bonds outstanding hereunder for such purpose.

Section 7.19. Right of Trustee to Act without Possession of Bonds: All rights of action (including the right to file proof of claim) under this Indenture or under any of the Bonds or coupons, may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceeding relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds hereby secured, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds and coupons, subject to the provisions of Section 6.02 of Part Two hereof with respect to extended, transferred or pledged principal amounts, coupons and claims for interest.

Section 7.20. Power of Majority of Bondholders: Anything in this Indenture to the contrary notwithstanding, the holders of a majority in aggregate principal amount of Bonds outstanding hereunder, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken for any sale of the trust estate, or for the foreclosure of this Indenture, or for the appointment of a receiver or any other proceedings hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 7.21. Limitation on Suits by Bondholders: No holder of any Bond or coupon shall have any right to institute any suit, action or proceeding in equity or at law for the foreclosure of this Indenture or for the execution of

any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Trustee has been notified or of which it is deemed to have notice, nor, unless also such default shall have become an event of default and the holders of twenty-five per centum in aggregate principal amount of Bonds outstanding hereunder shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor, unless also they shall have offered to the Trustee, indemnity as provided hereinafter, and such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Indenture, and to any action or cause of action for foreclosure or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds or coupons shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Indenture by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the holders of all Bonds outstanding hereunder. Nothing in this Indenture contained shall, however, affect or impair the right of any Bondholder, which is absolute and unconditional, to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof or the obligation of the Borrower, which is also absolute and unconditional, to pay the principal of and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place in said Bonds and the appurtenant coupons expressed.

Section 7.22. Waiver by Bondholders: The Trustee, upon the written request of the holders of not less than twenty-

five per centum in principal amount of the Bonds at the time outstanding hereunder, shall waive any default hereunder and its consequences, except a default in the payment of the principal of the Bonds at the date of maturity specified therein; provided, however, that a default in the payment of interest on the Bonds shall not be waived unless, prior to such waiver, all arrears of interest, and all expenses of the Trustees shall have been paid or shall have been provided for by deposit with the Trustee of a sum sufficient to pay the same. In case of any such waiver, the Borrower, the Trustee and the holders of the Bonds shall be restored to their former positions and rights hereunder respectively. No such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 7.23. Remedies Cumulative, Delay not to Constitute Waiver: No remedy by the terms of this Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or event of default shall impair any such right or power or shall be construed to be a waiver of any such default or event of default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or event of default hereunder, whether by the Trustee or by the Bondholders, shall extend to or shall affect any subsequent default or event of default or shall impair any rights or remedies consequent thereon.

Section 7.24. Restoration of Rights upon Discontinuance of Proceedings: In case the Trustee shall have proceeded

to enforce any right under this Indenture by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Borrower and the Trustee shall be restored to their former positions and rights hereunder with respect to the trust estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.25. Notice of Default to Bondholders: The Trustee shall mail to all Bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any event of default set forth in clause (a) or in clause (b) of Section 7.01 of this Article within thirty (30) days after any such event of default shall have occurred. If in any fiscal year the total amount of deposits to the credit of the Bond and Interest Sinking Fund Account shall be less than the amounts required so to be deposited under the provisions of this Indenture, the Trustee, on or before the first day of the second month of the next succeeding fiscal year, shall mail to all Bondholders who shall have filed their names and addresses with the Trustee for such purpose, a written notice of the failure to make such deposits. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail any notice required by this Section.

ARTICLE VIII

CONCERNING THE TRUSTEE

Section 8.01. Acceptance of Trust and Prudent Performance Thereof. The Trustee shall, prior to an event of default as defined in Section 7.01, and after the curing of all such events of default which may have occurred, perform such

duties and only such duties as are specifically set forth in this Indenture. The Trustee shall, during the existence of any such event of default (which has not been cured) exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that

(a) prior to such an event of default hereunder, and after the curing of all such events of default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and to the correctness of the opinions expressed therein, upon any certificate or opinion furnished to the Trustee conforming to the requirements of this Indenture; but in the case of any such certificate or opinion which by any provision hereof is specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Indenture.

(b) At all times, regardless of whether or not any such event of default shall exist:

(1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Trustee unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of not less than a majority in aggregate principal amount of all the Bonds at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

None of the provisions contained in this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Section 8.02. Trustee May Rely upon Certain Documents, Opinions. Except as otherwise provided in Section 8.01,

(a) the Trustee may rely and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(b) any request, direction, election, order or demand of the Borrower shall be sufficiently evidenced by an

instrument signed in the name of the Borrower by its President or other chief administrative officer (unless otherwise in this Indenture specifically prescribed), and any resolution of the Borrower may be evidenced to the Trustee by a Certified Resolution;

(c) the Trustee may consult with counsel (who may be counsel for the Borrower) and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel;

(d) whenever, in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may, in the absence of negligence or bad faith on the part of the Trustee, be deemed to be conclusively proved and established by a Certificate of the Borrower and such Certificate of the Borrower shall, in the absence of negligence or bad faith on the part of the Trustee, be full warrant to the Trustee for any action taken or suffered by it under the provisions of this Indenture upon the faith thereof.

Section 8.03. Trustee Not Responsible for Indenture Statements, Validity. The Trustee shall not be responsible for any recital or statement herein, or in said Bonds and coupons (except in respect of the certificate of the Trustee endorsed on such Bonds), or for the recording or re-recording, filing or refiling of this Indenture, or for insuring the trust estate, or collecting any insurance moneys, or for the validity of the execution by the Borrower of this Indenture, or of any supplemental indenture or instrument of further assurance, or for the sufficiency of the security

for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of any of the trust estate, or otherwise as to the maintenance of the security hereof; except that in the event the Trustee enters into possession of a part or all of the trust estate pursuant to any provision of this Indenture, it shall use due diligence in preserving such property; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenant, condition or agreement on the part of the Borrower, except as hereinafter set forth, but the Trustee may require of the Borrower full information and advice as to the performance of the covenants, conditions and agreements aforesaid and of the condition of the physical property included in the trust estate. The Trustee shall not be accountable for the use of any bonds authenticated or delivered hereunder or of any of the proceeds of such Bonds.

Section 8.04. Limits on Duties and Liabilities of Trustee. The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty of the Trustee and the Trustee shall be answerable only for its own negligence or willful default. The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises. The Trustee shall not be liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in the possession of or managing the real and tangible personal property of the trust estate as in this Indenture provided.

Section 8.05. Giving Notice to Borrower. Except as herein otherwise provided, any notice or demand which by any provisions of this Indenture is required or permitted to be given or served by the Trustee on the Borrower shall be deemed to have been sufficiently given and served for all purposes by being mailed by registered mail, addressed to

the Borrower at its address from time to time given to the Trustee in writing.

Section 8.06. Obligation of Trustee. The Trustee shall be under no obligation to institute any suit, or to take any proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability; the Trustee may, nevertheless, begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Trustee, without indemnity, and in such case the Borrower shall reimburse the Trustee from the revenues of the trust estate or from its general funds for all costs and expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the Borrower shall fail to make such reimbursement, the Trustee may reimburse itself from any moneys in its possession under the provisions of this Indenture and shall be entitled to a preference therefor over any of the Bonds or coupons outstanding hereunder.

Section 8.07. Responsibilities of Trustee in Event of Default: The Trustee shall not be required to take notice or be deemed to have notice of any default hereunder, except default in the deposits or payments specified herein, or failure by the Borrower to file with it any of the documents required, or to deposit with it evidence of the insurance policies required hereunder, unless the Trustee shall be specifically notified in writing of such default by the Borrower or by the holders of at least twenty-five per centum in aggregate principal amount of Bonds outstanding hereunder, and all notices or other instruments required by this

Indenture to be delivered to the Trustee must, in order to be effective, be delivered at the office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume that there is no default, except as aforesaid.

Section 8.08. Notice to Bondholders: If a default occurs of which the Trustee is by Section 8.07 hereof required to take notice or if notice of default be given it as in said section provided, then the Trustee shall give written notice thereof by mail to the last known owners of all Bonds outstanding hereunder as shown by the bond register and the list of Bondholders required to be kept at the office of the Trustee.

Section 8.09. Intervention in Judicial Proceedings Involving Borrower: In any judicial proceeding to which the Borrower is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of owners of Bonds issued hereunder, the Trustee may intervene on behalf of Bondholders and shall do so if requested in writing by the owners of at least twenty-five per centum of the aggregate principal amount of Bonds outstanding hereunder. The rights and obligations of the Trustee under this Section are subject to the approval of the court having jurisdiction in the premises.

Section 8.10. Further Investigations by Trustee: The resolutions, opinions, certificates and other instruments provided for in this Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be in full warrant, protection and authority to the Trustee for the release of property and the withdrawal of such hereunder but the Trustee may, in its unrestricted discretion, and shall, if requested in writing so to do by the holders of not less than twenty-five per centum in aggregate principal amount of Bonds outstanding

hereunder, cause to be made such independent investigation as it may see fit, and in that event may decline to release such property or pay over such cash unless satisfied by such investigation of the truth and accuracy of the matters so investigated. The expense of such investigation shall be paid by the Borrower or, if paid by the Trustee, shall be repaid by the Borrower upon demand with interest at the rate of five per centum per annum.

Section 8.11. Right to Inspect Project and Records of Borrower: At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect any and all of the mortgaged property, including all books, papers and contracts of the Borrower, appertaining thereto, and to take such memoranda from and in regard thereto as may be desired.

Section 8.12. Right of Trustee to Perform Certain Acts on Failure of Borrower: In case the Borrower shall fail seasonably to pay or to cause to be paid any tax, assessments, or governmental or other charge upon any part of the trust estate, to the extent, if any, that the Borrower may be liable for same, the Trustee may pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section, with interest thereon from the date of payment at the rate of five per centum per annum, shall be repaid by the Borrower upon demand, and shall become so much additional indebtedness secured by this Indenture, and the same shall be given a preference in payment over any of said Bonds, and shall be paid out of the proceeds of any sale of the trust estate, if not otherwise paid by the Borrower, but the Trustee shall be under no obligation to make any such payment unless it shall have been requested to do so by the holders of at least twenty-five

per centum of the aggregate principal amount of Bonds outstanding hereunder, and shall have been provided with adequate funds for the purpose of such payment.

Section 8.13. Trustee to Retain Financial Records of Borrower: The Trustee shall retain all financial statements furnished by the Borrower in accordance with this Indenture so long as any of the Bonds shall be outstanding.

Section 8.14. Compensation of Trustee: The Trustee shall have a first lien, with right of payment prior to payment on account of interest or principal of any Bond issued hereunder, for reasonable compensation, expenses, advances and counsel fees incurred in and about the execution of the trusts hereby created and exercise and performance of the powers and duties of the Trustee hereunder and the cost and expense incurred in defending against any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the negligence or willful default of the Trustee). The Borrower hereby covenants and agrees to pay all advances, counsel fees and other expenses reasonably made or incurred by the Trustee in and about the execution of the trust hereby created and to reimburse the Trustee therefor if such expenses are paid by it. The Borrower agrees to pay the Trustee reasonable compensation for its services in the premises. The compensation of the Trustee shall not be limited to or by any provision of law in regard to the compensation of trustees of an express trust.

Section 8.15. Trustee may Hold Bonds: The Trustee and its officers and directors may acquire and hold, or become the pledgee of, Bonds and coupons and otherwise deal with the Borrower in the same manner and to the same extent and with like effect as though it were not Trustee hereunder.

Section 8.16. Appointment of Trustee: There shall at all times be a trustee hereunder which shall be a corporation

organized and doing business under the laws of the United States of the State in which the Borrower is situated, authorized under such laws to exercise corporate trust powers, having an office and place of business in the City or County where the Borrower is situated, having a combined capital and surplus of at least One Million Dollars (\$1,000,000), and subject to supervision or examination by Federal or State authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purposes of this Section the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, the Trustee shall resign immediately in the manner and with the effect specified in Section 8.18 hereof.

Section 8.17. Merger of Trustee: Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee hereunder and vested with all of the title to the trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.18. Resignation or Removal of Trustee: The Trustee may resign and be discharged from the trusts created by this Indenture by giving to the Borrower thirty

days' notice in writing, and to the Bondholders notice by publication, of such resignation, specifying a date when such resignation shall take effect, which notice shall be published at least once a week for two successive weeks in a financial journal published and of general circulation in the City of New York, New York. Such resignation shall take effect on the day specified in such notice, unless previously a successor trustee shall have been appointed by the Bondholders as hereinafter provided, in which event such resignation shall take effect immediately on the appointment of such successor trustee.

Any Trustee hereunder may be removed at any time by an instrument or instruments in writing, appointing a successor to the Trustee so removed, filed with the Trustee and executed by the holders of a majority in principal amount of the Bonds hereby secured and then outstanding.

Section 8.19. Appointment of Successor Trustee: In case at any time the Trustee shall resign or shall be removed or otherwise shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or if a receiver of the Trustee or of its property shall be appointed, or if a public officer or officers shall take charge or control of the Trustee or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Trustee hereunder, and a successor may be appointed by the holders of a majority in principal amount of the said Bonds hereby secured and then outstanding, by an instrument or instruments in writing filed with the Trustee and executed by such Bondholders, notification thereof being given to the Borrower; but until a new trustee shall be appointed by the Bondholders as herein authorized, the Borrower, by an instrument executed by order of its Board shall, subject to the provisions hereof, appoint a trustee to fill such vacancy. After any such appointment by the Borrower, it shall cause notice of such appointment to be published

at least within thirty days of such appointment in a financial journal published and of general circulation in the City of New York, New York, but any new trustee so appointed by the Borrower shall immediately and without further act be superseded by a trustee appointed in the manner above provided by the holders of a majority in principal amount of said Bonds whenever such appointment by said Bondholders shall be made.

If, in a proper case, no appointment of a successor trustee shall be made pursuant to the foregoing provisions of this Section within six months after a vacancy shall have occurred in the office of trustee, the holder of any Bond hereby secured or any retiring trustee may apply to any court of competent jurisdiction to appoint a successor trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor trustee.

Section 8.20. Transfer of Rights and Property to Successor Trustee: Every successor trustee appointed hereunder, shall execute, acknowledge and deliver to its predecessor and also to the Borrower an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Borrower, or of its successor, execute and deliver an instrument transferring to such successor all the estate, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any deed, conveyance or instrument in writing from the Borrower be required by any successor trustee for more fully and certainly vesting in such successor the estates, rights,

powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such deeds, conveyances, and instruments in writing shall, on request, be executed, acknowledged and delivered by the Borrower. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all deeds, conveyances and other instruments provided for in this Article shall, at the expense of the Borrower, be forthwith filed and/or recorded by the successor trustee in each recording office where the Indenture shall have been filed and/or recorded.

ARTICLE IX

CONCERNING THE BONDHOLDERS

Section 9.01. Execution of Instruments by Bondholders: Any request, direction, consent or other instrument in writing required by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent duly appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments of deeds to be recorded within such jurisdiction, to the effect that the person signing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution.

(b) The fact of the holding of Bonds hereunder by any Bondholder and the amount and the numbers of such Bonds and the date of his holding the same (unless such Bonds be registered) may be proved by the affidavit of the person claiming to be such holder, if such affidavit shall be deemed by the Trustee to be satisfactory, or by a certificate issued by any trust company, bank, banker, or any other depository wherever situated, if such certificate shall be deemed by the Trustee to be satisfactory, showing that at the date therein mentioned such person had on deposit with such trust company, bank, banker or other depository the Bonds described in such certificate. The Borrower and the Trustee may nevertheless, in their separate discretion, require further proof in cases where they or either of them shall deem further proof desirable.

(c) The ownership of fully registered Bonds and of coupon Bonds registered as to principal shall be proved by the registration books kept under the provisions of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to the proof above specified, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the holder of any Bond shall bind every future holder of the same Bond in respect of anything done by the Trustees in pursuance of such request or consent.

Section 9.02. Waiver of Notice: Any notice or other communication required by this Indenture to be given by delivery, publication or otherwise to the Bondholders or any one or more thereof may be waived, at any time before such notice or communication is so required to be given, by a writing mailed or delivered to the Trustee by the holder or holders of all of the Bonds entitled to such notice or communication.

Section 9.03. Determination of Bondholder Concurrence: In determining whether the holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned by the Borrower or by any other obligor on the Bonds or by any person, directly or indirectly controlling or controlled by or under common control with the Borrower or any other obligor on the Bonds, shall be disregarded and deemed not to be outstanding for the purpose of any such determination, provided that for the purpose of determining whether the Trustee shall be protected in relying on any such demand, request, direction, consent or waiver only Bonds which the Trustee knows to be so owned shall be disregarded. Bonds so owned which have been pledged in good faith may be regarded as outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by or under common control with the Borrower or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 9.04. Bondholders' Meeting: A meeting of the Bondholders may be called at any time and from time to time pursuant to the provisions of this Article IX for any of the following purposes:

(1) to give any notice to the Borrower or to the Trustee, or to give any direction to the Trustee, or to make any request of the Trustee, or to consent to the waiving of any default hereunder and its consequences, or to take any other action authorized to be taken by Bondholders pursuant to any of the provisions of Article VII hereof;

(2) to remove the Trustee or appoint a successor Trustee pursuant to the provisions of Article VIII hereof;

(3) to consent to the execution of an indenture or indentures supplemental hereto; or

(4) to take any other action authorized to be taken by or on behalf of the holders of any percentage of the outstanding Bonds under any other provision of this Indenture or under applicable law.

ARTICLE X

PAYMENT AND DEFEASANCE

Section 10.01. Payment and Discharge of Indenture. If the Borrower, its successors or assigns, shall

(a) pay or cause to be paid the principal of and premium, if any, and interest on the Bonds at the time and in the manner stipulated therein and herein, or

(b) provide for the payment of principal and premium, if any, of the Bonds and interest thereon by depositing in cash with the Trustee at or at any time before maturity the entire amount due or to become due thereon for principal and premium, if any, and interest to maturity of all said Bonds outstanding, or

(c) deliver to the Trustee (1) proof satisfactory to the Trustee that notice of redemption of all of the outstanding Bonds not surrendered or to be surrendered to it for cancellation has been given or waived as provided in Article III of Part One hereof, or that arrangements satisfactory to the Trustee have been made in-

sure that such notice will be given or waived, or (2) a written instrument executed by the Borrower under its corporate seal and expressed to be irrevocable, authorizing the Trustee to give such notice for and on behalf of the Borrower, or (3) file with the Trustee a waiver of such notice of redemption signed by the holders of all of such outstanding Bonds, and in any such case, deposit with the Trustee before the date on which such Bonds are to be redeemed, as provided in said Article III, the entire amount of the redemption price, including accrued interest, and premium, if any, or

(d) surrender to the Trustee for cancellation all Bonds and coupons, if any, thereto appertaining for which payment is not so provided, and shall also pay all other sums due and payable hereunder by the Borrower,

then and in that case, at the request of the Borrower, all the trust estate shall revert to the Borrower, and the entire estate, right, title and interest of the Trustee, and of the bearers and registered owners of the Bonds and coupons in respect thereof, shall thereupon cease, determine and become void; and the Trustee in such case, upon the cancellation of all Bonds and coupons for the payment of which cash shall not have been deposited in accordance with the provisions of this Indenture, shall, upon receipt of a written request of the Borrower and of a certificate of the Borrower and an opinion of counsel as to compliance with conditions precedent, and at its cost and expense, execute to the Borrower, or its order, proper instruments acknowledging satisfaction of this Indenture and surrender to the Borrower or its order, all cash and deposited securities, if any (other than cash for the payment of the Bonds and coupons), which shall then be held hereunder as a part of the trust estate.

Section 10.02. Bonds and Coupons Deemed not Outstanding after Deposits. When the Borrower shall have deposited at any time with the Trustee in trust for the purpose, in the manner provided, or left with it if previously so deposited, funds sufficient to pay the principal of any Bonds (and premium, if any) when the same become due, either at maturity or otherwise, or at the date fixed for the redemption thereof, together with all interest due thereon to the date of the maturity of such Bonds or to the date fixed for the redemption thereof, or to pay any coupons at the due date thereof, as the case may be, for the use and benefit of the holders thereof, then upon such deposit all such Bonds and appurtenant coupons shall cease to be entitled to any lien, benefit or security of this Indenture except the right to receive the funds so deposited, and such Bonds and/or coupons shall be deemed not to be outstanding hereunder; and it shall be the duty of the Trustee to hold the funds so deposited for the benefit of the holders of such Bonds or coupons, as the case may be, and from and after such due date, redemption date or maturity, interest on such Bonds or portions thereof called for redemption shall cease to accrue.

Section 10.03. Unclaimed Money Returned to Borrower. Any moneys deposited with the Trustee by the Borrower, pursuant to the terms of this Indenture, for the payment or redemption of Bonds and coupons and remaining unclaimed by the holders of the Bonds or coupons for five years after the date of maturity of such Bonds or coupons or the date fixed for redemption of the same, as the case may be, shall, upon the written request of the Borrower or of such officer, board or body as may then be entitled by law to receive the same, and if the Borrower or any successor to the obligations of the Borrower under the Indenture and the Bonds and coupons shall not at the time, to the knowledge of the Trustee, be in default with respect to any of the terms and conditions contained in the Indenture or in the Bonds and coupons, be paid to the Borrower or to such of-

ficer, board or body, as the case may be, and such holders of the Bonds and coupons shall thereafter look only to the Borrower or to such officer, board or body, as the case may be, for payment and then only to the extent of the amounts so received without interest thereon; PROVIDED, HOWEVER, that within thirty days prior to the expiration of the five year period mentioned above, the Trustee, before being required to make any such repayment, may, at the expense of the Borrower, cause to be published in a financial journal printed in the English language in the City of New York, New York, a notice that after a date named therein said moneys will be returned to the Borrower.

ARTICLE XI

SUPPLEMENTAL INDENTURES

Section 11.01. Purposes for which Supplemental Indentures may be Executed. The Borrower, when authorized by a resolution of its Board, and the Trustee from time to time and at any time, subject to the conditions and restrictions in this Indenture contained, may enter into such indentures supplemental hereto as may or shall by them be deemed necessary or desirable for any one or more of the following purposes, among others:

(a) To correct the description of any property hereby conveyed or pledged or intended so to be, or to assign, convey, mortgage, pledge or transfer and set over unto the Trustee, subject to such liens or other encumbrances as shall be therein specifically described, additional property or properties of the Borrower for the equal and proportional benefit and security of the holders and owners of all Bonds and coupons at any time issued and outstanding under this Indenture, subject, however, to the provisions herein-

above set forth with respect to extended, pledged and transferred coupons;

(b) To add to the covenants and agreements of the Borrower in this Indenture contained other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Borrower or to or upon any successor corporation;

(c) To evidence the succession or successive successions of any other corporation or corporations to the Borrower and the assumption by such successor corporation or corporations of the covenants, agreements and obligations of the Borrower in the Bonds hereby secured and in this Indenture and in any and every supplemental indenture contained;

(d) To cure any ambiguity or to correct or supplement any provision contained herein or in any supplemental indentures which may be defective or inconsistent with any other provision contained herein or in any supplemental indenture, or to make such other provisions in regard to matters or questions arising under this Indenture or any supplemental indenture as the Board of the Borrower may deem necessary or desirable and which shall not be inconsistent with the provisions of this Indenture or any supplemental indenture and which shall not impair the security of the same; and

(e) To evidence any modifications of this Indenture authorized by the Bondholders pursuant to the provisions of Section 11.04 hereof.

Section 11.02. Execution of Supplemental Indenture. The Trustee is authorized to join with the Borrower in the exe-

cution of any such supplemental indenture, to make the further agreements and stipulations which may be therein contained, and to accept the conveyance, transfer and assignment of any property thereunder, but the Trustee shall not be obligated to enter into any such supplemental indenture which affects its rights, duties or immunities under this Indenture.

Section 11.03. Discretion of Trustee. In each and every case provided for in this Article (other than a supplemental indenture approved by the holders of sixty-five per centum in aggregate principal amount of the Bonds pursuant to Section 11.04 hereof), the Trustee shall be entitled to exercise its unrestricted discretion in determining whether or not any proposed supplemental indenture or any term or provision therein contained is necessary or desirable, having in view the needs of the Borrower and the respective rights and interests of the holders of Bonds theretofore issued hereunder; and the Trustee shall be under no responsibility or liability to the Borrower or to any holder of any Bond, or to anyone whatever, for any act or thing which it may do or decline to do in good faith, subject to the provisions of this Article, in the exercise of such discretion.

Section 11.04. Modification of Indenture with Consent of Bondholders. Subject to the terms and provisions contained in this Section, and not otherwise, the holders of not less than sixty-five per centum in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Indenture to the contrary notwithstanding, to consent to and approve the execution by the Borrower and the Trustee of such indenture or indentures supplemental hereto as shall be deemed necessary or desirable by the Borrower for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in

this Indenture or in any supplemental indenture; PROVIDED, HOWEVER, that nothing therein contained shall permit, or be construed as permitting (a) an extension of the maturity of any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of revenues ranking prior to or on a parity with the lien or pledge created by this Indenture, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required to consent to such supplemental indenture.

Whenever the Borrower shall deliver to the Trustee an instrument or instruments purporting to be executed by the holders of not less than sixty-five per centum in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental indenture and shall specifically consent to and approve the execution thereof, thereupon the Trustee may execute such supplemental indenture without liability or responsibility to any holder of any Bond, whether or not such holder shall have consented thereto.

If the holders of not less than sixty-five per centum in aggregate principal amount of the Bonds outstanding at the time of the execution of such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to the execution of such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Borrower from executing the same or from taking any action pursuant to the provisions thereof.

Section 11.05. Supplemental Indentures to be Part of Indenture. Any supplemental indenture executed in accordance with any of the provisions of this Article shall thereafter form a part of this Indenture; and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and be deemed to be part of the terms and conditions of this Indenture for any and all purposes, and the respective rights, duties and obligations under this Indenture of the Borrower, the Trustee and all holders of Bonds then outstanding shall thereafter be determined, exercised and enforced hereunder, subject in all respects to such modifications and amendments. If deemed necessary or desirable by the Trustee, reference to any such supplemental indenture or any of such terms or conditions thereof may be set forth in reasonable and customary manner in the text of the Bonds or in a legend stamped on the Bonds.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Covenants of Borrower Bind Successors and Assigns. All the covenants, stipulations, promises and agreements in this Indenture contained, by or in behalf of the Borrower, shall bind and inure to the benefit of its successors and assigns, whether so expressed or not.

Section 12.02. Immunity of Officers. No recourse for the payment of any part of the principal of or interest on any Bond or for the satisfaction of any liability arising from, founded upon or existing by reason of the issue, purchase or ownership of the Bonds or coupons shall be had against any officer, director, or trustee of the Borrower, as such, all such liability being hereby expressly released and waived as a condition of and as a part of the consideration for the execution of this Indenture and the issuance of the Bonds and coupons.

Section 12.03. No Benefits to Outside Parties. Nothing in this Indenture, express or implied, is intended or shall be construed to confer upon or to give to any person or corporation, other than the parties hereto and the holders of the Bonds or coupons issued hereunder, any right, remedy or claim under or by reason of this Indenture or any covenant, condition or stipulation thereof; and the covenants, stipulations and agreements in this Indenture contained are and shall be for the sole and exclusive benefit of the parties hereto, their successors and assigns, and the holders of the Bonds or coupons.

Section 12.04. Separability of Indenture Provisions. In case any one or more of the provisions contained in this Indenture or in the Bonds or coupons shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Indenture, but this Indenture shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 12.05. Execution of Indenture in Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute one and the same instrument.

Section 12.06. Table of Contents and Headings not Controlling. The Table of Contents and the headings of the several Articles hereof are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

IN WITNESS WHEREOF, Southwestern at Memphis has caused this Indenture to be signed on its behalf in its corporate name by its President and the Treasurer of its Board of Directors and its corporate seal to be hereunto affixed and attested by the Secretary of said Board; and The First National Bank of Memphis, in evidence of its acceptance of the trusts hereby created, has caused this Indenture to be executed in its corporate name by one of its Vice Presidents and its corporate seal to be hereunto affixed and attested by one of its Assistant Cashiers, all thereunto duly authorized, as of the day and year first above written.

SOUTHWESTERN AT MEMPHIS

By *Pepton N. Rhodes*
President

A. K. Burrow
Treasurer, Board of Directors

ATTEST:

Walker H. Hunsford Jr.
Secretary, Board of Directors

THE FIRST NATIONAL BANK OF MEMPHIS

By *Walter H. Hunsford Jr.*
Vice President

ATTEST:

Walter H. Hunsford Jr.
Assistant Cashier

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, *Erma Reese*, a Notary Public within and for the state and county aforesaid, personally appeared *Pepton N. Rhodes*, *A. K. Burrow* and *Walker H. Hunsford Jr.*, with whom I am personally acquainted

and who, upon their several oaths, acknowledged themselves to be the President, Treasurer of the Board of Directors and Secretary of the Board of Directors, respectively, of Southwestern at Memphis, the within named bargainor, a corporation, and that they as such President, Treasurer of the Board of Directors and Secretary of the Board of Directors, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by the said Peyton N. Rhodes as such President and the said A. R. Burrow as such Treasurer of the Board of Directors and by attesting the same by the said Walker L. Milford as such Secretary of the Board of Directors.

WITNESS my hand and official seal at office at Memphis, Tennessee, on this 22 day of March, 1960.

Erma Reese

Notary Public

My commission expires: April 2, 1961

STATE OF TENNESSEE
COUNTY OF SHELBY

Before me, a Notary Public in and for the aforesaid state and county, personally appeared Tray Beatty Jr. and Roy Patterson, with whom I am personally acquainted and who, upon their several oaths, acknowledged themselves to be a Vice President and an Assistant Cashier, respectively, of The First National Bank of Memphis, a national banking association, the within named bargainor, and that they as such Vice President and Assistant Cashier, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the banking association thereto by Tray Beatty Jr. as such Vice President and attesting the same by Roy Patterson as such Assistant Cashier.

WITNESS my hand and official seal at Memphis, Tennessee, this 22 day of March, 1960.

Joseph L. [Signature]
Notary Public

My commission expires:

My Commission Expires April 1, 1963